

DOCUMENT RESUME

ED 156 907

08

CE 017 321

AUTHOR McNamara, Patricia P.
TITLE How to Start Your Own Business. [Women Entrepreneurs Project.] Instructor's Guide.
INSTITUTION California Univ., Los Angeles. Div. of Vocational Education.
SPONS AGENCY Office of Education (DHEW), Washington, D.C.
PUB DATE Jan 78
GRANT 6007603800
NOTE 93p.; For related documents see CE 017 320-322

EDRS PRICE MF-\$0.83 HC-\$4.67 Plus Postage.
DESCRIPTORS *Business Administration; Business Education; Business Skills; *Class Activities; Educational Resources; *Females; *Learning Activities; Learning Modules; *Management Development; Teaching Guides
IDENTIFIERS California

ABSTRACT

This guide was developed to help instructors teach the course for women entrepreneurs as presented in the text, "How to Start Your Own Business." (This small business management course, a product of the California Women Entrepreneurs Project, and the final project report are contained in two related documents--CE 017 320 and 322.) The content is divided into two parts. The first provides a general introduction to and overview of the course and includes the history of the course and its design, sponsorship, curricular placement, length, class schedule, and texts; prerequisite skills and role of the instructor; and anticipated student clientele (includes a student information form). It then presents information and guidelines regarding publicity, guest speakers, and resource development, including samples of press releases, letters to guest speakers, and a sample resource list. Finally, part 1 discusses small group exercises and course evaluation, including a rating form. Part 2 reviews the ten class sessions, and each review includes the rationale for and purposes of the session, an agenda (includes review of assignment, small group exercise(s), guest speaker presentation(s), and wrap-up), and, when appropriate, lists of supplemental information sources and reading references. (EM)

* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *

ED156907

How to start your own business

Instructor's Guide

by

Patricia P. McNamara

The materials presented herein were developed pursuant to Grant No. 6007603800 from the U.S. Office of Education, Department of Health, Education and Welfare. However, the opinions expressed herein do not necessarily reflect the position or policy of the U.S. Office of Education and no official endorsement by the U.S. Office of Education should be inferred.

Division of Vocational Education
UCLA Extension, Education Department
University of California, Los Angeles
Los Angeles, California

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY.

January 1978

CE 017 321

This Instructor's Guide is intended to assist the individual who teaches How to Start Your Own Business. It is meant to complement and clarify the course structure outlined in the text by providing additional information and suggestions based on the authors' experiences of developing and pilot testing the course. The first half of this Guide is a general orientation to the course; the second half contains a review and guidelines for each class session. The extent to which you, as instructor, wish to follow these guidelines is your decision. Our intent in writing the Guide was to offer you as much useful information as possible. Our recommendation is that you read the Guide in its entirety and then follow the suggestions set forth as they apply to your particular situation. The most important thing is that you feel adequately prepared and comfortable in your role as instructor.

TABLE OF CONTENTS

	<u>Page</u>
PART ONE: GENERAL INFORMATION	1
Course History and Design	2
Course Notes	5
Course Sponsorship	5
Curricular Placement	5
Enrollment Size	5
Duration of Course	5
Class Scheduling	5
Class Structure	5
Texts	5
Homework	6
Student Attrition	6
Sample Class Schedule	7
The Instructor	8
The Students	9
Sample Student Information Form	10
Publicity	11
Sample Press Release: 1	14
Sample Press Release: 2	15
Sample Flyer Announcement	16
Guest Speakers	17
Sample Class Information Sheet: 1	19
Sample Class Information Sheet: 2	21
Sample Letter to Woman Business Owner	23
Sample Letter to Business Expert	24
Sample Letter of Thanks	25
Resource Development	26
Sample Resource List	27
Small Group Exercises	28
Course Evaluation	30
Course Rating Form	31

TABLE OF CONTENTS (continued)

	<u>Page</u>
PART TWO: CLASS SESSION GUIDELINES	33
First Class Session	34
Second Class Session	40
Third Class Session	43
Fourth Class Session	47
Fifth Class Session	53
Sixth Class Session	57
Seventh Class Session	69
Eighth Class Session	77
Ninth Class Session	81
Tenth Class Session	84

PART ONE: GENERAL INFORMATION

Course History and Design

An interest in the career of business ownership is currently being expressed by growing numbers of women. For most, the idea of becoming the owner of a small business is an exciting but new and unfamiliar idea. The prospect of success, independence, and financial security is attractive; the potential for failure is rarely given serious consideration. In this, women are similar to all aspiring business owners. However, few women own businesses and few women hold top management positions, therefore, women are especially likely to be unacquainted with the demands, the skills, and the day-to-day realities of starting and running a business.

"How to Start Your Own Business" was developed and pilot-tested by the Women Entrepreneurs Project through the Division of Vocational Education at the University of California, Los Angeles, Extension Program, under the sponsorship of a one-year grant from the Vocational Education Research Program, U.S. Office of Education.* It was designed to assist, encourage, and prepare women interested in learning about the field of business ownership.

Courses on business ownership which enroll both men and women do, of course, provide valuable assistance to women. Nonetheless, they have certain limitations. They are usually taught by men and, when business owners or experts are invited as guest speakers, they are invariably men. This tends to reinforce the atypicality of women in the business world. For women who are unfamiliar with business terminology or who are unaccustomed to asserting themselves in dealing with men, asking what may be perceived as a "dumb" question or taking up class time may be difficult and uncomfortable. Special concerns of women who are considering starting a business and problems women business owners encounter are rarely identified and addressed. One-day business ownership workshops for women are a relatively recent phenomenon. While these workshops also serve a very useful function, they have obvious limitations. Attendance is frequently large--often several hundred women. Furthermore, in a one-day session little more than an overview of the major issues can be offered. Nonetheless, even an overview often includes so much new and unfamiliar information that

*For a narrative history of the funding, development, and pilot-testing of the course, the reader is referred to Women Entrepreneurs Project: Final Report by B. S. McCaslin, P. P. McNamara, and G. L. Riley, available from Mr. Louis Anderson, U.S. Office of Education, ROB 3, 7th and D Streets S.W., Room 5018, Washington, D.C. 20202.

participants find it difficult to integrate the information and to understand its practical application to their particular interest. Opportunities for one-to-one or small group interaction and for discussion of individual ideas and problems are very limited.

"How to Start Your Own Business" was developed to provide women with an opportunity to explore their interest in business ownership over ten class sessions in a group of limited size. Structured around the major elements of a business plan package, the course provides a comprehensive introduction to key aspects of business ownership, while allowing students an opportunity to apply this information to a specific business idea. Business owners and experts, usually women, visit the class sessions as guest speakers and, as successful women in the business world, serve as role models for students. Interaction among course participants provides further encouragement and support for these women considering careers as business owners.

The course teaches students how to assess the feasibility of a business idea and how to plan out the key aspects--marketing, financing, setting up, and day-to-day operations and management--of the proposed business. The focus is on understanding the need for and function and contents of a business plan and on developing the skills and information necessary to put a plan together.

Eight units, called Learning Activities Packages (LAPs), which focus on key elements of the business plan are presented in a logical sequence, leading cumulatively to the development of a business plan. Using a business idea they have selected, participants work through each aspect of the proposed venture. The final unit emphasizes integration of this work into a business plan. The eight LAPs, each a self-contained package in that it includes a statement of rationale for the unit's inclusion in the course, a list of unit objectives, a schedule of class activities, and reading and homework assignments, are:

1. Small Business Ownership: Introduction
2. Marketing 1: Marketing Research
3. Marketing 2: Marketing Plan
4. Setting Up Your Business: Start-Up Decisions and Choices
5. Finance 1: Financial Planning
6. Finance 2: Financing
7. Operations: Running Your Business
8. Putting It All Together: Planning Your Business

A first and a last class session provide, respectively, an orientation and a conclusion to the course.

The course emphasizes personal assessment, growth, and development as much as core factual content material. The focus stems from a belief that participants need to make decisions appropriate to their personal characteristics, experience, and situation; to learn to trust and respect their own abilities to analyze a situation and to integrate material and information acquired both within and outside the classroom; and to recognize their capacity to continue to learn on their own--to make the most of the learning experiences available to them regardless of their context.

Course Notes

Course Sponsorship. This course could be offered by the community service, human service, or business division of an educational institution, including university extension, the community college, or an adult evening school. Community service organizations with educational programs, especially those with a commitment to serving women, such as the Y.W.C.A. or women's centers, are also possible course sponsors.

Curricular Placement. This course was designed as a non-credit offering. As an introductory course, it has no prerequisites. If desired, this course can be adapted to carry college credit. For example, such an adaptation could be made by requiring that the assigned homework be handed in at each class session, that students complete a business plan as their course project, and/or that students pass a weekly quiz or test based on the student objectives cited on the first page of each Learning Activities Package.

Enrollment Size. This class should not be offered unless a minimum enrollment of 20 is reached; maximum enrollment is probably about 50. If enrollment is high, be sure that adequate space is available for the small group exercises.

Duration of Course. This course is most effective when students have sufficient time between class sessions to complete the assignments. Ideally, it is offered as a 10-week course with one class session each week. It could also be offered as a 5-week course with two class meetings a week, as long as there were several days between sessions. Class sessions should be 2-1/2 to 3 hours long.

Class Scheduling. Since many individuals who express an interest in taking this course are employed, it is strongly recommended that class sessions be scheduled for an evening during the week.

Class Structure. Generally, class sessions have three components: class review and discussion, small group activities, and guest speaker presentations. Approximately one-third of each class session is devoted to each component.

Texts. McCaslin, B. S. and McNamara, P. P., How to Start Your Own Business. Los Angeles: Women Entrepreneurs Project, 1977.

In addition, students are required to read the following pamphlets published by the Small Business Administration:

Blackwell, R. D. Knowing Your Image. SBA: Small Marketers Aids No. 124.

Laws, D. Pleasing your boss, the customer.

SBA: Small Marketers Aids No. 114.

Sorbet, E. M. Measuring the results of advertising.

SBA: Small Marketers Aids No. 121.

Optional reading lists, which constitute an annotated bibliography on each topic, are included in the Learning Activities Packages.

Homework. Each Learning Activities Package includes reading and activities assignments that will require 3-4 hours of student time between class sessions. To make these assignments entirely clear, it is recommended that students be given a one-page class schedule that specifies class topics and weekly assignments. A sample class schedule can be found on page 7.

Student Attrition. Some student attrition is inevitable. To avoid an excessively high drop-out rate, prospective students should receive a course description which explains the topics to be covered, the amount of work required, and the scheduled time and location of class sessions.

In the pilot course offering, there were more applicants than available space and, therefore, applicants were screened for attendance commitment with excellent results. Even when such screening is not possible, the instructor can and should stress the importance of class attendance when the course is a non-credit offering. The class sessions are important because they provide further explanation and elaboration of the materials in the text as well as opportunities to practice and develop skills in small group exercises.

HOW TO START YOUR OWN BUSINESS

Sample Class Schedule

<u>Date</u>	<u>Topic</u>
1/5	ORIENTATION 1/5-1/12 Assignment: See "Before Your Next Class" (p. 1)
1/12	SMALL BUSINESS OWNERSHIP: INTRODUCTION 1/12-1/19 Assignment: See "On Your Own" (pp. 2-3) and "Before Your Next Class" (p. 26)
1/19	MARKETING RESEARCH 1/19-1/26 Assignment: See "On Your Own" (p. 27) and "Before Your Next Class" (p. 46)
1/26	MARKETING PLAN 1/26-2/2 Assignment: See "On Your Own" (p. 47) and "Before Your Next Class" (p. 79)
2/2	SETTING UP YOUR BUSINESS 2/2-2/9 Assignment: See "On Your Own" (p. 80) and "Before Your Next Class" (p. 123)
2/9	FINANCIAL PLANNING 2/9-2/16 Assignment: See "On Your Own" (p. 124) and "Before Your Next Class" (p. 154)
2/16	FINANCING 2/16-2/23 Assignment: See "On Your Own" (p. 155) and "Before Your Next Class" (p. 173)
2/23	OPERATIONS 2/23-3/2 Assignment: See "On Your Own" (p. 174) and "Before Your Next Class" (p. 207)
3/2	PUTTING IT ALL TOGETHER 3/2-3/9 Assignment: See "On Your Own" (p. 208)
3/9	FINAL CLASS SESSION

The Instructor

Because the attitudes and abilities of the person who teaches this course are central to its success, the instructor should be carefully selected. Since this course was designed for a student population of women with special needs, the instructor should be aware of and sympathetic to the needs and problems of this population. While sex is not a prerequisite to such an awareness and attitude, it is recommended that the instructor(s) be women, if possible. A woman instructor can serve as a role model to students by demonstrating that a woman can be competent and knowledgeable about business. Furthermore, some women students may simply feel more comfortable exploring their interest in business ownership with a woman instructor. Nonetheless, this class can, of course, be taught by a man.

The instructor's role is primarily one of coordination and facilitation. The ideal instructor is not a business expert, but an individual with an interest in and commitment to teaching this course, who is willing and able to plan and organize class sessions, identify and schedule guest speakers, and facilitate class discussions and small group exercises. The instructor should be familiar with basic business practices and procedures. Advance reading in preparation for the course in general and for the various class session topics will provide a sufficient basis in business for the instructor who has had little background or experience in the field. Reading recommendations can be found both in this Guide and in the text for the course. One additional manual which provides excellent preparation for teaching this type of course is Owning and Operating a Small Business: Strategies for Teaching Small Business Ownership and Management, published in 1976 by the State Board of Education, Illinois Office of Education.

Teaching this course, especially for the first time, requires a great deal of preparatory work. Not only does the instructor need to become familiar with the subject matter, but she must also identify, meet with, and schedule guest speakers and develop and maintain good relations with agencies and individuals in the business community.

The personal characteristics of the instructor include patience, tact, and flexibility. She must be willing to share the classroom with students and to learn with them. The instructor sets the tone and creates the atmosphere for the course. To the extent that she is "invested" in this course--taking it seriously and working hard--students will follow her example.

The Students

Prospective students should be informed that this course focuses on:

- assessing personal suitability to and preparation for business ownership, in terms of individual characteristics and traits, family and financial situation, and business skills, abilities, and knowledge;
- the function, contents, and structure of a business plan; and
- a general introduction to the major aspects of starting and running a business.

There are no prerequisites for admission to this course beyond an interest in the subject matter. This is an introductory course and, consequently, students tend to come from diverse backgrounds. Their ages, personal lives, financial situations, educational and employment experiences, business expertise, and business ideas will present a broad range of differences. Experience has shown that these differences contribute to a lively and productive interchange of ideas and information among students.

Whether or not a selective admissions process is used, information about the students should be collected. This information allows the instructor to orient classroom sessions toward the needs and interests of the students. This information is especially useful in working with guest speakers; it gives them a sense of the level of business sophistication and of the types of business interests represented by the students. A sample Student Information Form, designed to collect this information easily and systematically from all class members, can be found on pages 10 and 11.

STUDENT INFORMATION FORM

Please fill out this form as fully as possible. The information you provide will be used to help us plan the class sessions for the course.

Name: _____

Address: _____

Telephone: day _____ evening _____

1. Current job: _____
2. Please briefly list your work experience: _____
3. Do you already know what kind of business you would like to start?

Yes No

Please explain your answer: _____

4. How long have you been thinking about starting a business? _____
5. Have you talked to other people about the idea of starting your own business?

Yes No

Please explain your answer: _____

6. Have you ever owned a business before? Yes No

If yes, what kind of business did you own, for how long did you own it, and why do you no longer own it? _____

7. Why do you want to start a business?

8. How soon would you like to start a business?

9. Why are you interested in attending the course, and what do you hope to get out of it?

10. Have you taken any courses or been to any workshops or seminars that will be useful to you in starting a business?

Yes No

Please explain your answer:

Publicity

One of the earliest tasks which must be undertaken in order to attract sufficient enrollment is publicizing the course. People must know that the course will be offered if they are to enroll in it, and they need sufficient advance notice to arrange their schedules. Advance publicity should go out approximately one month before the first scheduled class meeting. If course publicity is to be handled by the sponsoring institution or organization, the instructor should keep abreast of these efforts and their results. Regardless of whether the instructor or the organization is responsible for publicity, the following guidelines, based on pilot experience, are offered to facilitate this process and to increase its effectiveness.

Media. The local media--newspapers, radio, and television--are the most effective channels for publicity. A press release sent to the various media will be printed or broadcast as a public service announcement. You can phone the paper and station offices in advance to learn the name of the person to whom your press release should be addressed in order to receive prompt attention. Two sample press releases can be found on pages 14 and 15 of this Guide.

Due to the innovative nature of this course, it may provide a topic for a special interest story. Therefore, the instructor should be prepared to respond to requests for an interview. The instructor or the sponsoring institution might also wish to initiate interest in such a story. A thorough review of the Instructor's Guide should provide adequate background for an interview. To stimulate interest in subsequent offerings of the course, a reporter could be invited to attend a class session and to interview the instructor and participants.

Flyers. Mailed or hand delivered announcements of the course are an inexpensive form of publicity. Possible recipients of these flyers include community service and civic organizations, particularly those geared toward women; social service agencies; the public library; and individuals who have indicated an interest in this type of course. It should be noted that flyers evoked only a limited response in pilot publicity efforts. A sample flyer is included in this section.

Catalog listing. If the class is being offered under the sponsorship of an institution or organization that publishes a catalog of course titles and descriptions, the entry for this course might read as follows:

For Women: How to Start Your Own Business
Designed to help women with a serious interest in business develop the skills and information necessary to put together a business plan. The course focuses on how to assess the feasibility of a business idea and how to plan out the key aspects--financing, marketing, setting up, and management--of the future business.

All course publicity should include:

- a brief description of the course
- sponsorship
- location
- duration of course; frequency and time of class sessions
- cost
- a telephone number where interested persons can obtain further information and/or enrollment information

Mailing list. A mailing or waiting list should be kept of all persons unable to enroll in the first offering of the course. When the next course is scheduled, announcements can be mailed directly to these individuals.

UCLAeXtension

Post Office Box 24902
Los Angeles, California 90024
Telephone (213) 825-1901

Michael Stone

SPECIAL WORKSHOP SCHEDULED FOR WOMEN INTERESTED IN STARTING A BUSINESS

"How to Start Your Own Business," a two-week workshop for women with a serious interest in opening a business, will be presented September 10-24 by Women Entrepreneurs (WE), a federally sponsored project of the U.S. Office of Education administered through UCLA Extension's Division of Vocational Education.

The workshop, designed to help women develop a business plan, will be held in West Los Angeles and is offered free of charge to participants.

According to Barbara McCaslin, project director, the workshop can accept only 40 women because of space limitations. Applicants must be willing to attend all seven meetings (three Saturday mornings and two Tuesday and Thursday evening sessions), as well as work on assignments between sessions and with other participants in the workshop setting.

A certificate of completion will be presented by UCLA Extension's Division of Vocational Education to those women who complete the workshop.

Application deadline is August 15. For further information, contact Ms. McCaslin at (213) 825-8895 or write to Project WE, UCLA Extension, 10995 Le Conte Ave., Room 313, Los Angeles, CA 90024.

7/77

*

*

*

*

*



UCLAeXtension

-15-

Post Office Box 24902
Los Angeles, California 90024
Telephone (213) 825-1901

CONTACT

Michael Stone

Start Use: Immediately

Stop Use: August 12, 1977

READING TIME 30 SECONDS

Women are on the move and UCLA Extension's Division of Vocational Education is moving with them. "How to Start Your Own Business" is a free two-week group workshop scheduled for September 10 to 24. In seven sessions, you'll get practical information that will help you develop a business plan. You'll work on special assignments between sessions and with other participants in the workshop setting. Space is limited, so apply now. For information, call (213) 825-8895. Get started now on that business you've always wanted. Call 825-8895.

SCBA File #63078-236 EI



Enterprising Women!

Get started on that business you've always wanted.

The Women Entrepreneurs Project
is holding a two week workshop on

How to start your own business.

September 10-24, 1977

Saturdays, 9-12 a.m.

Tuesdays and Thursdays, 7:30-10 p.m.

West Los Angeles

Admission charge: free

This workshop is designed for women
interested in starting
their own business.

Applicants should be
willing to commit themselves
to attending the workshop sessions,
to working on assignments
between meetings, and
to working with other participants
in a workshop setting.

A certificate of completion
will be presented by
the Division of Vocational Education
and UCLA Extension
to those women
who complete the workshop.

To apply
fill out the form
and mail it to

Barbara McCaslin, WE Project Director
Project WE, 629 UNEX, UCLA
10995 Le Conte Avenue
Los Angeles, CA 90024

or telephone 825-8895

Please mail me an application form for the
Women Entrepreneurs Workshop on

How to start your own business.

My current occupation is

The kind of business I'd like to start is

Name
Address

Telephone

Guest Speakers

Classes 2 through 9 include presentations by guest speakers. Ideally, all of these guest speakers are women. A careful search of most communities should identify women who can speak on each of the specified topics. For example, a woman who has her own accounting business, who works as an accountant for a firm, who teaches accounting or business recordkeeping, or who competently handles the accounting and recordkeeping for her own business, be it a toy store or a restaurant, could be invited to speak on small business accounting and recordkeeping. Of course, if it appears to be necessary, you should invite a man to speak rather than omitting any presentations.

The use of guest speakers was prompted by several considerations. All guest speakers are business owners and/or specialists in some aspect of business. They have, therefore, more in-depth, first-hand knowledge of their topic than an instructor can acquire in preparation for a class lecture. The information and advice they offer to students is based on their experiences in the business world and, thus, provides a link between theory and practice. Presentations by the guest speakers supplement the information provided in the LAP fact sheets and relate the more general fact sheet information to conditions in the local community. By responding to individual questions and concerns, guest speakers can clarify difficulties that students may encounter in understanding how to translate the business principles and theory contained in the fact sheets into the actual practice of setting up and running a business venture. Interaction with the guest speakers also serves to introduce students to individuals within the community who can be of assistance to them in starting and operating a business. The reluctance of business owners to seek the business advice and assistance that is often essential to the survival and success of their ventures can be reduced as a consequence of first-hand contact with the guest speakers. Equally important, these speakers serve as role models for the students. As women who have achieved some measure of success in the business world, their presence in the classroom demonstrates that women can and do succeed in this predominantly male field.

The type of guest speaker(s), e.g., business owner, accountant, or insurance agent, needed for each class session and the topics which you should ask each speaker to address are explained in the class session outlines presented later in this guide. Pilot workshop evaluations of the course showed that these presentations made an important and valuable contribution to its success. It is important that the instructor begin to identify and contact possible guest speakers several weeks before their presentations are scheduled. They tend to be very busy and committed individuals and, therefore, need adequate advance notice to arrange their schedules and to prepare their presentations.

Experience has shown that an invitation extended in person or over the telephone, followed by a letter of confirmation after each person has accepted, is the best strategy for scheduling guest speakers. Your letter should clearly state the time and location of the class; the amount of time scheduled for each presentation; an outline of the major topics the speaker should cover; and, when possible, any information you can offer about the kinds of business ideas and levels of business sophistication indicated by class members (see sample class information sheets, pages 19 -22). Ask the speakers to provide examples from their own experience and to be as specific as possible in their explanations. Two sample letters of invitation--one to a business owner and the other to a business expert--can be found at the end of this section, as well as a sample post-presentation letter of thanks.

Each guest speaker for sessions 3 through 9 should be provided with a copy of the LAP to which her presentation corresponds. Since students should have read the LAP fact sheets prior to the class session, a brief review of the LAP provides the speaker with a sense of the baseline information on the topic of her talk that is common to all students.

In selecting guest speakers, look for women who have a reputation for competence and who are confident, articulate, and create a positive impression. Remember that they, too, will benefit by agreeing to speak at your class. They will be building community goodwill and most probably attracting future customers for their businesses.

SAMPLE CLASS INFORMATION SHEET: 1

Information on Workshop Participants

To give you some sense of the nature of the group of women you will be meeting with, we have compiled a list of the business ideas that the women chosen to participate in the workshop mentioned in their applications. The letter in parentheses which follows each listing indicates the "firmness" of the idea. That is, "A" = tentative; the woman is undecided as to what kind of business she would like to start or is thinking over a number of possibilities. "B" = firm idea; she has decided on the type of business she hopes to open. "C" = committed; she has already started or is about to start this business.

Since we tried to select a diverse group of women in terms of age, past work experience, and business "know how" and exposure--as well as looking for a range of business ideas and start-up readiness--it is difficult to add any general background information on our participants. They will all have done some basic assigned reading on the general topic you're speaking on before you meet with them. We will make sure that you receive a copy of these materials which should give you a sense at least of the minimum amount of information everyone in the class should have on the topic.

1. Optometric Practice (B)
2. Hot Dog Stand (B)
3. Contracting Serving Business, Import & Export from the Orient, Catering Lunch (French and Oriental) (A)
4. Clothing Business for Professional Women (B)
5. Agency for Federal, State, Regional and Local Planning (B)
6. Production and Distribution of Documentary and Educational Films (B)
7. Clothing Business for Professional Women (C)
8. Boutique for Office and Home Furnishings (C)
9. Uncontested Divorce Procedures (B)
10. Textile Center (B)
11. Music School (B)
12. Cobey Diroll Interiors (C)
13. Retail Arts and Crafts (C)
14. Set up Offices for New Doctors (B)
15. Publishing (B)
16. Court Reporting Agency (B)
17. Fast Food Place (B)
18. Real Estate Syndication (A)
19. Selling Rare Plants (C)
20. Record/Book Shop (B)
21. A Service Co. (A)
22. Tour Wholesaler (B)
23. Translation Service and Import/Export (A or B)
24. Tutorial Service (B)
25. Apartment and House Cleaning Service Co. (C)

26. Folk Arts Shop (B)
27. Something to do with Furniture Manufacturing (A)
28. Undecided (A)
29. Import/Export or Gift/Jewelry (A)
30. Typing Business (B)
31. Secretarial Service (C)
32. Plant Nursery or Secretarial Service (A)
33. Custom Logo Design (Mail Order) (B)
34. Carrot Cake (C)
35. Used Cars or Thrift Shop (A)
36. Needlework Shop (B)
37. Dog Grooming and Kennel (B)
38. Undecided (A)
39. Catering (B)
40. Architecture/Engineering/Graphics private practice (B)
41. Clothes Manufacturing (B)
42. Diet Restaurant (B)
43. Undecided (A)
44. Educational Supplies Store (B)
45. Wholesale (Fashion.) (B)
46. Printing Shop (B)
47. Health Field - Frozen Yogurt (A)

SAMPLE CLASS INFORMATION SHEET: 2

Information on Students

To give you some sense of the group of women you will be meeting with, we have compiled a list which briefly describes the background and business interests indicated by each student. In terms of age, past work experience, business "know how," and readiness to go ahead and start a business, they are a diverse group. They will all have done some assigned reading on the general topic you've been asked to address before you meet with them. We will make sure that you receive a copy of these materials to acquaint you with the informational base that all class members should share.

Background

Business Idea

- | | |
|---|--|
| 1. Legislative secretary | Career custom wardrobing |
| 2. Office manager & bookkeeper in law office | Employment agency specializing in legal secretaries |
| 3. Past owner of custom dress business/past manager, ready-to-wear, Saks | Import/export or porcelain/crystal/ceramics boutique |
| 4. Actress/receptionist/bartender | Small clothing store/boutique |
| 5. Worked with learning disabled/taught piano | Coed residential center for learning disabled, ages 18-30 |
| 6. Billing clerk/cashier courses on business of film | Editing art books/record collections (not definite) |
| 7. Telephone installer & operator ceramics student-MFA | Summer pottery workshops and production pottery |
| 8. Researcher in marine sciences | Art poster and print shop with custom framing |
| 9. Tennis teacher, bookkeeping and office work | Furniture sales, wholesale jobber (factory to public approach) |
| 10. Homemaker | Partner in above |
| 11. Food industry marketing & sales; demonstrations. Training & supervising employees. 1-day SBA seminar | Retail or service |
| 12. Sales/clerk/aid positions | Day care center up to age 3/dress shop |
| 13. Human services consultant teacher; vocal instructor; hospital admissions officer; UCLA seminar in business administration | Resort with holistic approach |
| 14. Interior design/credentialed art teacher/secretary/sales attended 1-day workshop | Interior design firm or consulting |
| 15. Owns rest home | Expansion of current business |
| 16. Director YW Career Development Program; SBA workshop | Uncertain - personnel or travel agency |

Background

Business Idea

- | | |
|--|---|
| 17. Teacher in entertainment industry; retail sales in specialty shops; course in business finance | Unsure |
| 18. Ass't. VP for Development at University; MBA; owns and operates 2 apt. buildings | Unsure - communications field; personal financial management and investment service |

There are also eight students on whom we have no background information as yet. One wants to open a kennel, one a small "healthy" bakery, one a record shop, and one a secretarial service. One wants to "sell everything" for the home (used furniture, plants, handmade items). No information is available on the others' business ideas.

UNIVERSITY OF CALIFORNIA, LOS ANGELES

BERKELEY • DAVIS • IRVINE • LOS ANGELES • RIVERSIDE • SAN DIEGO • SAN FRANCISCO



SANTA BARBARA • SANTA CRUZ

DIVISION OF VOCATIONAL EDUCATION
LOS ANGELES, CALIFORNIA 90024

January 3, 1978

SAMPLE LETTER TO WOMAN BUSINESS OWNER

Dear

Thank you for agreeing to speak at the course "For Women: How to Start Your Own Business" that I am teaching through the Los Angeles Community College program. The women business owners panel is scheduled for our second class meeting on Thursday, January 12th. The class meets from 7-10 p.m. in room W-10 of the Otis Art Institute at 2401 Wilshire Blvd., between Hoover and Alvarado. Free parking is available in the Institute's lot on Carondalet Street.

The panel will begin about 7:30. I would like you to speak for 15 to 20 minutes on your experiences as a business owner and the development of your business. For example:

- How did you happen to become a business owner?
- Why did you choose your particular business?
- What problems have you encountered and how are you handling them?
- How has being in business affected your life?
- What advice would you offer these women who are considering starting a business?

I expect to have six panelists and, after everyone has spoken, I would like to have an informal question-and-answer period.

If you have any questions, please feel free to give me a call at 825-8895. I look forward to meeting you on Thursday, January 12th.

Sincerely,

UNIVERSITY OF CALIFORNIA, LOS ANGELES

BERKELEY • DAVIS • IRVINE • LOS ANGELES • RIVERSIDE • SAN DIEGO • SAN FRANCISCO



SANTA BARBARA • SANTA CRUZ

DIVISION OF VOCATIONAL EDUCATION
LOS ANGELES, CALIFORNIA 90024

January 3, 1978

SAMPLE LETTER TO BUSINESS EXPERT

Dear

Thank you for agreeing to speak at the course "For Women: How to Start Your Own Business" that I am teaching for the Los Angeles Community College's Community Service program. The session on developing a marketing plan will be held Thursday evening, January 26th, from 7-10 p.m. You are welcome to attend the entire class meeting or, if it is more convenient for you, to come shortly before your talk which is scheduled to begin at 8:30. The class meets in Room W-10 of the Otis Art Institute at 2401 Wilshire Boulevard, between Hoover and Alvarado. Free parking is available in the Institute's lot on Carondelet Street.

The women in the class will have a general understanding of market planning, if they have completed their assigned reading. I'm enclosing a copy of the materials we are using for this unit. I would like you to speak, as a woman business owner, about your personal background and business experiences and, as owner of a public relations company, about how to develop a marketing plan or strategy to reach an identified market and attract customers to a business. The more examples and tips you can provide, the better. Following your presentation, I would like to have a brief question-and-answer period. Essentially, the time from 8:30 to 9:45 is yours.

There are about 25 women enrolled in the class and their business ideas vary widely, as you can see from the enclosed list. You will be speaking at the fourth class meeting, following a session on how to do marketing research. If you have any further questions, please give me a call at 825-8895. I look forward to meeting you on January 26th.

Sincerely,

UNIVERSITY OF CALIFORNIA, LOS ANGELES

BERKELEY • DAVIS • IRVINE • LOS ANGELES • RIVERSIDE • SAN DIEGO • SAN FRANCISCO



SANTA BARBARA • SANTA CRUZ

DIVISION OF VOCATIONAL EDUCATION
LOS ANGELES, CALIFORNIA 90024

January 23, 1978

SAMPLE LETTER OF THANKS

Dear

I wanted to take this opportunity to thank you for being a guest speaker at the "For Women: How to Start Your Own Business" class last Thursday. I certainly enjoyed your presentation and, judging by the comments and discussion that followed, so, too, did everyone in the class. I appreciate your willingness to share your experience and expertise with us.

If I can be of any assistance to you, please don't hesitate to call me at 825-8895.

Sincerely,

Resource Development

Prior to teaching this course, the instructor should familiarize herself with all community organizations and agencies which provide information and assistance to small business owners. Addresses and telephone numbers for county and state agencies or offices that regulate small business activities should also be collected. This information should be compiled in a "Resource List" for distribution to students. A sample list used in pilot testings of this course can be found on page 27.

The number and kind of resources available will, of course, vary according to the size of the community. At the minimum, lists should include references for state and local tax information and forms, necessary licenses, the local Chamber of Commerce, and the nearest SBA regional office and depository library for government publications. The Resource List provides students with important local information needed to supplement the more general material contained in the text. Collecting this information can benefit the instructor by creating contacts which are useful in identifying guest speakers. The list aids students in completing some of the homework assignments and is also an important post-course resource for those students who wish to continue researching their business idea or who elect to start a business.

As you prepare for classes, collect copies of materials that you review to bring along to class. Students enjoy having a chance to look over SBA publications and Bank of America Small Business Reporters that are referenced in their optional reading lists. It is also recommended that you start a file of newspaper, newsletter, and magazine articles about small business owners, particularly women. One of the students' first assignments is to read two articles on or profiles of business owners. Although some general references to reading sources are provided in the text, it is useful if the instructor can bring her file of articles for students to borrow samples from. These articles are often more recent and more local than the text references and, since all the student has to do is borrow the reading, she is more likely to complete the assignment.

SAMPLE RESOURCE LIST

AANBA - Asian American National Business Alliance

1543 W. Olympic Blvd., Suite 332
L.A. 90015 382-7381 (Provides info & assistance in obtaining loans; excellent library of publications)

Career Planning Center, Inc.

1623 S. La Cienega Blvd., L.A. 90035
273-6633 (Offers career planning & job referral info, special programs, workshops for women on a wide variety of topics)

L.A. Feminist Federal Credit Union

1434 Westwood Blvd., Suite 4
L.A. 90024 (475-3889) Th 6-10 & Sat. 10-2
(Helps women establish credit & provides small personal loans. Offers counseling on credit rights & budget problems)

NOW - National Organization for Women

8271 Melrose Ave., L.A. (655-3331)
(Offers info re women's rights & special programs, lectures, etc.)

Office of Minority Business Enterprises

2500 Wilshire Blvd., Suite 908
L.A. 90057 (688-7157) (Offers info, publications & referrals to agencies that provide assistance in starting a business)

SBA - Small Business Administration

350 So. Figueroa St., Suite 600
L.A. 90071 (688-2956) (Offers info, publications, loans & other assistance to start a new business)

U.S. Department of Commerce

11777 San Vicente Blvd, Rm. 800
L.A. 90049 (824-7681) (Offers publications & info on census data, import-export business, & a wide range of business topics)

Women in Business

3450 Wilshire Blvd., L.A. 90010
(385-2650) (Profit women's organization open to successful women in business or high level executive women)

Mayor's Office of Small Business Assistance

2016 City Hall, 200 N. Spring St.
Los Angeles 90012 (485-6142) (information re city permits, how to get on city bid list; also on loan sources)

The Woman's Building

1727 N. Spring, L.A. 90012 (221-6161)
(Brings women artists together, sponsors seminars, workshops, etc. on wide variety of topics)

FOR TAX INFORMATION, FORMS & LICENSES

Internal Revenue Service

300 N. Los Angeles St., L.A.
Phone: 572-7814 for forms
629-1040 for tax info
(Federal ID No., payroll tax forms & info, income tax forms & info)

Department of Benefit Payments

1525 S. Broadway, L.A. (744-2238)
(Payroll tax forms & info, unemployment info, State Disability Insurance)

City Clerk of Los Angeles

200 N. Spring St., L.A. (626-9271)
(Business license)

State Board of Equalization

5110 W. Sunset Blvd., L.A. (663-8181)
(Sales tax permit & info)

Franchise Tax Board

3200 Wilshire Blvd, L.A. (736-2918)
(Calif. corporate tax, income tax forms & info)

County Assessor of Los Angeles

500 W. Temple St., L.A. (974-8611)
(Real and personal property taxes and info)

Small Group Exercises

Each class session includes a 30-60 minute small group exercise. These small group activities are integral to the course because they provide essential linkages between the somewhat theoretical content of the materials and the actual realities of small business ownership. Designed as learning reinforcers, these exercises involve students either in a simulation of some aspect of starting or running a business or in a discussion regarding the implications and application of a topic covered in the LAP.

The small group activities are also central to each woman's assessment of her own readiness to start a business. Handling an assigned task within a specified time limit not only provides skills practice, but also tests students' abilities to put their skills and understanding to practical use. The participant in a small group exercise may learn that she is more competent in a given area than she had realized or she may discover that her market analysis skills, for example, need sharpening.

Small group activities also provide students with an opportunity to become acquainted with one another and to develop contacts with women who share their interest in small business ownership. Many will maintain these relationships which can provide emotional support and technical assistance long after the course has ended.

From a technical and logistics perspective, small group exercises also serve a useful function. In a two-and-a-half to three-hour class session, the change of pace provided by these activities is necessary to keep class momentum going and student interest high. Active participation in the learning process replaces the passive receptivity traditionally expected of students in a classroom setting. Furthermore, small groups provide opportunities for individual attention. They give students a chance to try out their business skills and ideas in a situation where they receive immediate and specific feedback from their peers and/or the instructor. The instructor, who moves from group to group during these exercises, can monitor individual progress, respond to specific questions and concerns, and identify areas in need of further class or individual attention.

Introducing the Activity. Pilot testing of the course demonstrated the importance of small group activities but also documented the need to present and structure each activity carefully.* In introducing activities, the instructor should clearly and explicitly define the task, explain its purpose, and specify the time allotted for its completion. Although the approximate amount of time needed to complete each exercise is indicated in the class agendas, the instructor

*A detailed explanation and discussion of each small group exercise can be found in the corresponding class session outline included in the second half of this Guide.

will need to determine exactly how much time to allow, depending on the schedule for the entire session.

Small group exercises are intended to clarify and reinforce key learnings. If this is to occur they must be approached seriously. It is important that the instructor's introduction set this tone and expectation and present the task clearly and specifically enough for students to follow through on it.

Group Composition. Unless otherwise indicated in the class agenda, groups should have 5 or 6 members. If groups become larger than this, not all group members will be able to participate actively in the assigned task. Each group should quickly select one of its members to serve as group leader. It is the leader's responsibility to keep the group focused on its task and making suitable progress toward its completion.

Since one purpose of the group activities is to acquaint class members with one another, individuals should be encouraged to work with different people each week. In the pilot, group membership was not carefully monitored and, as a consequence, several cliques formed. The "outsiders" resented this, while some of the women who had worked together throughout the pilot complained at the final class that they had not yet met all of their colleagues. To expect the instructor to make group assignments each week seems both time-consuming and inappropriate with a population of adult women. However, the instructor should encourage students to change group membership each session, and remind them of this if stable groups begin to form.

Some students will be better prepared for certain tasks than others. In such instances, the instructor should identify these students and ask them to distribute themselves among the work groups. For example, if at the third class session you find only some of the students have interviewed a business owner, make sure each group includes at least one person who has completed this assignment. If some students have an accounting background, they should work with different groups in the small group activity at the seventh session.

Instructor's Role. After introducing the activity, the instructor should move among the groups to ascertain that the task has been understood and is being addressed. Provide assistance to groups as needed or requested by responding to questions and facilitating groups that seem stuck or off-the-track. All classes seem to include a few students who, by virtue of their enthusiasm or by force of their personality, dominate groups. The instructor should intercede and redirect the group when this occurs, by asking for input from other group members.

Five to ten minutes should be reserved for class discussion to wrap up each small group exercise. This debriefing, led by the instructor, should focus on the exercise product or outcome objectives, be they a list of factors associated with business success or a promotional campaign. The instructor should stress the underlying business principles demonstrated or illustrated by the exercise. Suggestions for guiding this debriefing time are offered in the class agenda discussions of each exercise.

Course Evaluation

The instructor plays a key role in determining the success of this course. Although the course structure is outlined and the reading materials and assignments are provided in the Learning Activities Packages that comprise the text, the instructor facilitates learning through coordinating and leading class sessions. These sessions provide opportunities for clarification and supplementation of the materials in the text, as well as a supportive and encouraging environment in which students can realistically explore their interest in small business ownership.

To assist the instructor in assessing her accomplishment of these intended classroom objectives, a Course Rating Form is included on pages 31-32 of this Guide. The rating form is adapted from a pilot test evaluation instrument designed specifically for this course. It, therefore, helps the instructor identify specific strengths and weaknesses of the course, enabling her to modify or change the course to improve it. Only by systematically collecting this information from all students can the instructor get a clear picture of their feelings about the course. Although ratings will vary from person to person, a general picture of the students' experiences and reactions will emerge from the course ratings.

The final item on the Rating Form asks students to indicate their entry-level business knowledge. This item was included to give the instructor information that may identify rating patterns of different groups of students. Is a particular aspect of the course given a poor rating by all students or only by those with a particular level of business experience and information? If the rating varies depending on the rater's business knowledge, the cohort which has given it a low rating may need additional assistance or a somewhat different experience.

"HOW TO START YOUR OWN BUSINESS" COURSE RATING FORM

DIRECTIONS: In order to identify those aspects of this course that were the most helpful and those where improvement is needed, you are asked to complete this form. A series of statements about the course are listed below, followed by a scale of 5 (strongly agree) to 1 (strongly disagree). Please circle the one number following each statement which best reflects your personal opinion. If you feel that you cannot make a judgment on a particular statement, circle DK to indicate that you do not know or cannot make a confident judgment. You do not need to sign your name, but do carefully and honestly rate each item. Please feel free to add any comments which you feel will clarify your answer or provide additional information that will help to improve the course on the back of this form.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Don't Know
1. Questions and problems that I had with concepts and content in the LAPs were answered and explained in class	5	4	3	2	1	DK
2. Important and useful information not included in the LAP's was provided in class	5	4	3	2	1	DK
3. Guest speakers made a valuable contribution to class sessions	5	4	3	2	1	DK
Please name any guest speakers you feel strongly should or should not be invited back.						
4. Class discussions were useful; they were neither too broad and general nor too specific to individual problems	5	4	3	2	1	DK
If you feel class discussions tended to go in one of these directions, please indicate by circling the direction.						
5. The small group activities were clearly defined and valuable experiences	5	4	3	2	1	DK
6. The class sessions were well-paced; they neither moved so rapidly that I could not keep up nor so slowly that I was bored	5	4	3	2	1	DK
If you feel class pace tended to be too rapid or too slow, indicate by circling that word.						
7. Class sessions were lively and interesting	5	4	3	2	1	DK

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Don't Know
8. The instructor knew enough about this subject to teach this course	5	4	3	2	1	DK
9. The instructor seemed concerned, interested, and willing to help class members	5	4	3	2	1	DK
10. The course was practical; I understand how the principles apply to actual real-world situations	5	4	3	2	1	DK
11. It was easy to ask for and receive individual help if you wanted it	5	4	3	2	1	DK
12. I felt comfortable asking questions in class, even when they were very basic questions	5	4	3	2	1	DK
13. I now have a more realistic sense of my strengths and weaknesses as a potential entrepreneur	5	4	3	2	1	DK
14. I feel that I know how to continue to follow through on my interest in this field	5	4	3	2	1	DK
15. Overall, I would highly recommend this instructor	5	4	3	2	1	DK
16. Overall, I found this course to be useful, informative, and personally helpful	5	4	3	2	1	DK

Compared to others in this course, how much did you know about how to start a business when you started this class? (circle one)

5 4 3 2 1 DK
a great deal more than most same as most less than most very little

PART TWO: CLASS SESSION OUTLINES

FIRST CLASS SESSION

The Orientation session should provide participants with an introduction to the instructor(s), the course materials and structure, and the other women in the course. Although this first session was not included in the original plans for the course, pilot testing of the materials showed that it was important and necessary to schedule an orientation meeting. Subsequent class sessions, which follow the LAP outlines for in-class activities, are intensive in the amount of information and activity that is scheduled. This can be confusing and overwhelming to the class members without the more informal orientation session to explain the course and materials and to establish the tone and ground rules for the next 9 sessions.

An agenda for the Orientation session with explanatory comments is presented below. Although you may wish to add to this agenda or rearrange its sequential order, we recommend that all suggested items be discussed in this first meeting.

Agenda

1. Welcome and Instructor's Introduction

Introduce yourself to the class by explaining your interest in the course and whatever aspects of your personal background seem relevant to your role as instructor of this class. It will be to your advantage to clarify any misconceptions that class members may have about your expertise--no one person knows everything about all types of business and they should understand this from the start. In introducing yourself, remember that the participants will be asked to introduce themselves next and that their introductions will tend to follow the example you have set. Say enough about yourself to establish rapport with the class, but be relatively brief and relate what you say about yourself to your interest and role in the class.

2. Participant Introductions

Ask each class member to briefly introduce herself and to mention a little bit about her background and her reasons for choosing to attend this course. Participants with no business-related experience and no clearly defined business idea, who are simply interested in exploring the idea of starting a business, may feel awkward about introducing themselves. Therefore, it is helpful to begin this process by recognizing the diversity of interests,

backgrounds, and levels of readiness to start a business that you expect to find represented by participants in the class.

Most class activities which involve direct interaction among participants take place in small groups. Therefore, it is important that participants have this chance to become acquainted with one another and to identify persons whose backgrounds or business ideas are similar or complementary to their own.

3. Instructor Presentation: Course Content and Structure

It is essential that participants have a clear understanding of the goals of the course, its focus and structure, and of how to use the LAPs. You may find it useful to distribute the course materials before beginning the presentation. This provides class members with a break between activities and signals your intention of proceeding to the next item on the agenda for the class session.

The general information presented earlier in this Guide should be useful in planning your presentation. The key topics and points discussed below should be covered in your talk.

- The Business Plan. This course focuses on the development of a business plan. You should explain what a business plan is and the various ways it can be used. The business plan was selected as the focus and framework for this course for a number of reasons, including the following: government agencies that serve business owners often provide assistance only after the owner has developed her business plan; most business-related courses focus on a specialized aspect of business ownership, such as marketing, accounting, or business law, rather than on providing the comprehensive basic information necessary to develop a business plan; the business owner who consults with business experts--lawyers, accountants, etc.--after developing a business plan can make better use of their time and of her money; banks, venture capital firms, private investors, and other potential sources of start-up capital almost always require that the borrower present a business plan package.

Each class session and LAP focuses on a key section of a business plan and, in the last session, this work is integrated into a business plan package. Four sample business plan outlines can be found on pages 218-222 of the text. Reviewing these outlines at the beginning of the course helps students understand the contents of a business plan, the importance of each LAP, and how the work required for each LAP fits into the final business plan.

● Appropriateness of Content. It is important to emphasize that the course materials apply to all types of businesses --retail, service, wholesale, manufacturing, and construction. Pilot testing of the materials showed that participants tend to consider certain issues as relevant only to retail businesses. This misunderstanding appears to result from the frequent use of examples based on retail businesses. In part, this problem can be remedied by providing further examples of non-retail businesses in class sessions. However, it is helpful to recognize and address this problem immediately. For example, a woman who is considering opening a home-based service venture should complete the readings and worksheet on selecting a business location. They may lead her to reassess her decision and, if she does begin from her home, she will know how to choose a location later on when she is ready to relocate her business.

Similarly, individuals who do not intend to borrow money to start their businesses often dismiss the need for a business plan. They should understand that the business plan has many uses in addition to supporting a loan request and that the work assigned them is intended to help them start a business that is successful, regardless of whether or not they seek financing. None of the assignments apply only to persons who wish to obtain a loan or put together a business plan. For example, in the first LAP, they will be asked to develop a personal resume. Point out that this assignment is useful, not only because it is central to any loan request, but also because it helps each person to assess her personal preparation for business ownership. They may discover that their skills in a particular key aspect of the business are untested and that they will need to seek assistance in this area.

● Anticipated student outcomes. At the conclusion of the course, students will be able to:

- assess their interest in the field of business ownership and their readiness to start a business;
- understand the major aspects of starting and running a business;
- select other more specialized courses to enroll in, if they feel further classroom training is necessary;
- develop a business plan. (Students who enroll in the course with a definite business idea should be able to easily assemble their business plan package once they have completed the course. Others will know how to go about assessing an idea and putting together a business plan in the future.)

Since this course helps participants to assess their interest in going into business and to evaluate the promise of a business idea, it is likely that some women will decide against starting a business and many will reject or change their initial business idea. Recognizing that one is not interested in business ownership or that one's first idea for a business has a low probability of success is considered a positive outcome of the course. These women have avoided getting into a situation where they would have been unhappy and/or unsuccessful and can now concentrate their energies on defining a more suitable goal.

● The LAPs. There are eight Learning Activity Packages (LAPs). Refer the class to the Table of Contents for a quick overview of the topics that will be covered in the course. Each LAP follows a standard format and you should explain this by carefully reviewing the first LAP:

page 1--each LAP begins with a brief explanation of the unit and of its importance. Below this, in the box, are a list of learner objectives, that is, what the student should be able to do when she has completed the LAP. At the bottom of the page, the student's assignment to prepare for this LAP is given. Point out that this is what each one of them should do before your next class meeting. You may also want to mention that some of the contents of the first LAP are being covered in this orientation session (i.e., explanation of the course and possibly one group exercise).

pages 2-3: "Activities"--each LAP has one or two Activities pages. These pages outline, step by step, what needs to be done both in and out of class to complete the LAP and to achieve the learner objectives listed on the first page. The activities which are inside the box headed "On Your Own" are their homework assignment. That is, next week when they come to class, activities 1-3 will be covered, then they will complete activities 4-9 during the week working independently, and at the following class meeting (the third class session) the LAP will be completed with activity 10 and you will start on the next LAP. Go over each activity with the class to make this structure as clear as possible.

page 4: "Materials"--the materials sheet(s) contains a list of all the materials that should be included in the rest of the LAP, in the order in which they

appear. Fact sheets are written summaries of important information on a given topic. Worksheets are exercises that are completed as part of the homework assignment. An optional reading list, included in each LAP, references further reading on the LAP topic that the student may wish to do.

- Point out the color-coding used in the LAPs. This general section they have just reviewed is always one color, the fact sheets a second color, and the worksheets a third. This first LAP differs from all the following ones in that it includes sheets, such as the Business Owner Interview Questions and the Resume Guidelines, which, strictly speaking, are neither fact sheets nor worksheets.
- Have them page through the rest of the LAP to make sure that it is complete. The fastest way to do this is to check the page numbers at the bottom of each page.
- There is a great deal of homework required in the first LAP, probably more than they will be asked to do for any one week in the future. Suggest that, in addition to completing the assignment on page 1, they start on some of the "On Your Own" activities (Activities 4-9, pages 2-3).

If you have articles on business owners that they can check out to complete Activities 4 and 5, hand them out at the end of this session. It is also important that students begin to work on the interview (Activity 6) so that they can identify a business owner and schedule the interview before the third class session. Let them discuss this assignment; some class members will probably be able to suggest names of business owners to people who can't think of anyone to interview. Be sure that before they leave each person has an idea of whom she wishes to interview or a strategy for finding someone. Although we would recommend that a woman who owns a business similar to the one being considered by the student be selected, this is not always possible. In this situation, the interviewer may wish to choose a man who owns the particular kind of business to obtain

business-specific information or a woman who owns some other kind of enterprise in order to learn more about the experiences of women who have entered the business world. It is preferable that the interview be conducted in person rather than over the phone. Stress that, although they may meet with a rebuff, most business owners are cooperative and appear to enjoy this opportunity to discuss their experience.

4. Small Group Exercise

The next class session tends to be very tightly scheduled, although this depends on the number of guest panelists you have invited to speak. If you have more than four panelists, it is recommended that Activity 3 (p. 2) of the first LAP be scheduled now. Students should follow the outline in the text.

Suggested time allotment: 30 minutes

5. Wrap-Up

This is "housekeeping" time in which you can take attendance, explain how you can be reached between class sessions, your policy on individual appointments, and any special activities, such as testing, you intend to schedule during class sessions that are not included in the Activity outlines in the text. Ground rules for the course should be established. Among those we have found to be important are the following:

- People should be considerate of other class members in their use of class time. Be enthusiastic about your idea, but don't monopolize class discussion periods or small group activities.
- Be on time for class and do your best to complete all the assigned work. The reading assignments which introduce each LAP are especially important because they provide the groundwork for presentations by guest speakers. How much you get out of this course depends on how much you put into it.
- Change around for the small group exercises. Get to know everyone in the class.

Respond to any questions that class members wish to raise. Review the schedule for the next session; particularly mention the panel presentation by women business owners.

The assignment is outlined in: "Before Your Next Class" (p. 1).

SECOND CLASS SESSION

While students tend to view business ownership as an exciting and attractive career option, very few have a realistic appreciation of what it means and what it takes to start and run a small business. The first LAP, "Small Business Ownership: Introduction," is intended to provide some background information about small business in general, about the experiences of women business owners, and about the personal characteristics and skills which are related to success in business. Students then begin to assess their own interest in, suitability to, and qualifications for business ownership, using this information on small businesses and their owners as a baseline against which to compare themselves. As part of the personal assessment process, students also begin collecting information--a resume, financial statement, and cost-of-living budget--necessary for their business plan.

As instructor, your goals for this LAP are: (1) to familiarize students with the field of small business ownership; and (2) to assist students in completing the guided self-assessment process outlined in the LAP.

An agenda for the class session is provided below. The amount of time you allow for each activity will vary depending on the number of guest speakers you have invited and on whether or not the small group exercise is scheduled for this session.

Agenda

1. Review Assignment

Remind students of the assignment (outlined at the bottom of page one) that they were to have completed in preparation for this class session and ask if they have any questions about it. If questions are raised about the assignment on pages 2-3 (which is due at the next class), these are best held until that assignment is discussed at the end of this class.

Pilot testing of the course showed that students often find filling in the self-rating form and comparing it to the self-ratings of women business owners (Table 3, page 9) to be discouraging. Explain that the self-rating is for their own information and that its purpose is to help them identify areas that need improvement. You should also emphasize that the self-ratings on page 9 are those of women who are in business. Had these same women been asked to rate themselves

before starting a business, the profile would undoubtedly have been quite different. The experience of starting and running a business appears either to help women recognize their strengths in these areas or to develop those skills and abilities on which they now rate themselves highly.

If anyone has had difficulty understanding Table 3, it reads as follows: Of the 308 women who answered the questionnaire, 35% rated themselves "very strong" on self-confidence, 43% as "strong," 18% as "average," and 4% as "weak." The average self-rating for all of them was a "4" or "strong."

2. Instructor Presentation

You should be prepared to make a 15 to 30 minute presentation on small business (Activity 1, page 2). Your presentation should provide information that supplements the two fact sheets in the LAP. In planning your talk, you may find it helpful to look at materials cited in the Optional Reading list (page 4) and the Reference List (page 10) for this LAP, the introductory section of this Guide, and "Unit 1: The Nature of Small Business" in Owning and Operating a Small Business (for complete reference, see page 8.)

3. Women Business Owners Panel

The panel (Activity 2, page 2) should include four to six women business owners from the community, each of whom will speak for 15-20 minutes about her experiences as a business owner. In selecting your panel, try to invite women who own different types of business ventures. While some may be new business owners, be sure at least one or two own established, relatively successful ventures. You may wish to invite a speaker who no longer owns a business. The purpose of the panel is to give students a first-hand picture of what it means to be a business owner. Invariably, all the topics that will be covered in the course are mentioned by one or another of the guest speakers. This reinforces their importance far more effectively than being told they are important by an instructor or reading about them in the text.

Ask your speakers to explain how they became business owners, how their businesses developed, and the kinds of problems they have encountered, as well as adding any advice they might offer the students in your class.

To avoid running out of time, you will probably have to warn your speakers as their time comes to an end. It is also recommended

that you ask the students to save questions for the question-and-answer period after everyone has spoken.

4. Small Group Exercise

If you have not included the small group exercise (Activity 3, page 2) in the first class session, you may wish to try to fit it in at this point. However, if this means cutting the panel and the discussion period short, it is preferable simply to omit the exercise.

5. Wrap-Up

In addition to handling any administrative details, you should remind students of the assignment:

- (1) the "On Your Own" activities (pages 2-3); and
- (2) the reading in preparation for the next class session outlined at the bottom of page 26 ("Before Your Next Class").

On the basis of response to the pilot workshop, it is recommended that you discuss some of the "On Your Own" assigned work, as follows:

- Activities 4 and 5 (readings on business owners). Suggest that students list the reference for each reading on their "Business Owner Reading Worksheets" so that they can find the article again in the future or tell other students how to find it.
- Activity 7b. Since some students have difficulty completing the personal financial statement and the cost-of-living budget on their own, take a few minutes of class time to review these forms (pp. 17-19). Make sure everyone understands the terms such as "Accounts/Notes receivable" and "Life insurance cash value" used in these forms and thinks they will be able to fill them in.
- Activity 8 (the resume). Although the text includes detailed resume guidelines, students report that seeing an example or two of a resume would be helpful. You may wish to take several resumes to class for students to review during the break or at the end of the session or run off a sample resume to distribute as a handout. The process of writing a resume is central to the student's self-assessment, as it requires each woman to consider her background and qualifications for business ownership. While students who do not have a specific business idea may feel it is premature to write a resume at this point, encourage everyone to develop at least a resume outline.

THIRD CLASS SESSION

Beginning with this class session, you will be using the first half of each class to wrap up the LAP that is "in progress" and the second half to introduce the next LAP. At this session, the work for "Small Business Ownership: Introduction" should be completed, and the transition made to the second LAP, "Marketing 1: Marketing Research." The focus moves from an initial self-assessment of entrepreneurial potential to learning how to assess the marketability of a business idea.

Marketing research is conducted to determine whether or not a market exists for the product(s) or service(s) of a proposed business and, if so, whether this market is sufficiently large to support a business. Obtaining this information is the first step that any prospective business owner should take.

The instructor's goals for the Marketing 1 LAP are: (1) to familiarize students with the basic procedures involved in conducting marketing research; and (2) to be certain that students are able to define a business and describe its customers.

Agenda

1. Review Assignment

Make sure that students have understood the assignment they were to have completed between class sessions. Allow some time for questions and comments about the "On Your Own" activities for the first LAP. Although there are no correct answers to the financial statement and cost-of-living budget worksheets, you can review them generally for problems. Emphasize the importance of completing these forms--they are confidential and each woman needs them for her personal information. Analyzing one's personal financial situation is essential to assessing one's financial readiness to start a business and is also a good introduction to financial management principles which are basic to business success.

2. Small Group Exercise

The small group exercise (Activity 10, page 3) is designed to help students integrate the activities, reading, and homework assignments they have done for this LAP. Brainstorming is a method of getting a lot of ideas out for discussion; there are no right or wrong answers. Ask each group to keep a list of the ideas that are generated in their discussion.

Class debriefing: Ask one group to present and explain their list to the class, and invite the rest of the class to add to and comment on it; or ask each group, in turn, to present their list. (You may wish to compile a comprehensive list of all suggestions to be duplicated and distributed at the next class session.) If time permits, you can work with the class in an effort to establish priority groupings of these characteristics; that is, which are absolutely essential to success, which are important, and which are useful, but not necessary.

Suggested time allotment: 20-30 minutes in groups; 10-15 minutes for class discussion.

3. Guest Speaker Presentation

The guest speaker for this class session should be familiar with basic marketing research. A person who owns or works in a marketing research firm or is employed in the marketing research division of a large company would be an ideal guest speaker. A person who works in advertising or public relations might also be sufficiently familiar with marketing research. An instructor who teaches marketing at a local college could also make this presentation.

The presentation should focus on: (1) how to define and describe a business and its market; and (2) how to assess the market, that is, how to determine whether the market for the proposed product(s) and/or service(s) is large enough to support the business. More specific topics your speaker may wish to discuss include: consumer buying habits; forces which affect the market; how to research the demographics of your intended market area; market segmentation; and market testing.

The speaker needs to know that the course has two units on marketing and that developing a marketing strategy will be discussed in the next class session. Distribution channels, pricing, selecting a location, public relations and advertising, and customer services will all be considered in this next unit.

Some of the pilot workshop participants felt the materials in this LAP were too product-oriented and had difficulty understanding how to research the market for a service business. Ask your guest speaker to give some examples of marketing research for service businesses. You can also point out to your students that services are a product consisting primarily of time and skill; the market for this product can be researched the same way that the market for dresses or dishwashers is researched.

Allow time for a question-and-answer period at the end of the guest speaker's presentation. You need to monitor this discussion to avoid having one or two people monopolize the time with long, involved questions that relate only to their personal situation.

4. Wrap-Up

Review the assignment:

- (1) the "On Your Own" activities (page 27)
- (2) "Before Your Next Class" (page 46).

The best way to learn how to research a market is to work through the process using a specific business idea. Therefore, the "On Your Own" assignment requires that students select a specific business idea. Students who don't have an idea yet should choose one that appeals to them and that reflects their general area of interest (i.e., retail, service, wholesale, etc.).

Remind them of the importance of evaluating their idea objectively. A terrific idea for which there is no market--even if this is because they're 5 years ahead of the times--will probably lead to a terrific business failure.

Supplementary Information

The U.S. Department of Commerce is a good resource for marketing information, and students should be aware of the kinds of information and assistance it offers. Their brochure "Let Our District Office Serve Your Business" provides an overview of their services and includes a list of district offices. This list is reproduced on the next page to assist you in making contact with the nearest office. The district office or your local library can provide you with the address of the closest depository library for government publications.

One excellent publication, available from the Department of Commerce, that you may want to read in preparation for the two marketing class sessions, is titled Developing Marketing Plans as Part of the Loan Packaging Process (1974). Although marketing is discussed in far greater detail than is necessary for this course, a review of this publication should provide you with a good understanding of marketing research and planning.

District Offices
U.S. DEPARTMENT OF COMMERCE

ALBUQUERQUE, N.M., 87101, Rm. 316,
U.S. Courthouse (505) 766-2386
ANCHORAGE, AK, 99501, 682 Sixth Ave.,
Hill Bldg., Suite 412 (907) 265-4597
*ATLANTA, GA, 30309, Suite 523,
1401 Peachtree St., NE (404) 526-6000
BALTIMORE, MD, 21202, 415 U.S. Custom-
house, Gay & Lombard Sts. (301) 962-3560
BIRMINGHAM, ALA., 35205, Suite 200-201,
908 S. 20th St. (205) 325-3327
BOSTON, MA, 02116, 10th Floor,
441 Stuart St. (617) 223-2312
BUFFALO, NY, 14202, Room 910,
Federal Bldg., 111 W. Huron St.
(716) 842-3208
CHARLESTON, W.VA., 25301,
3000 New Federal Office Bldg.,
500 Quarrier St. (304) 343-6181, Ext. 375
CHEYENNE, WYO., 82001, 6022 O'Mahoney
Federal Center, 2120 Capitol Ave.
(307) 778-2151
*CHICAGO, 60603, Room 1406, Mid-
Continental Plaza Bldg.,
55 E. Monroe St. (312) 353-4450
CINCINNATI, OH, 45202, 8028 Federal
Office Bldg., 550 Main St. (513)
684-2944
CLEVELAND, OH, 44114, Room 600,
666 Euclid Ave. (216) 522-4750
COLUMBIA, S.C., 29204, 2611 Forest Dr.
(803) 765-5345
*DALLAS, TX, 75202, Room 3E7,
1100 Commerce St. (214) 749-1515
DENVER, CO, 80202, Room 161,
New Custom House, 19th & Stout Sts.,
(303) 837-3246
DES MOINES, IA, 50309, 609 Federal Bldg.,
210 Walnut St. (515) 284-4222
DETROIT, MI, 48226, 445 Federal Bldg.
(313) 226-3650
GREENSBORO, NC, 27402, 203 Federal Bldg.,
W. Market St., P.O. Box 1950
(919) 275-9111, Ext. 345
HARTFORD, CONN., 06103, Room 610-B,
Federal Office Bldg., 450 Main St.
(203) 244-3530
HONOLULU, 96813, 286 Alexander Young
Bldg., 1015 Bishop St.
(808) 546-8694
HOUSTON, TX, 77002, 201 Fannin,
1017 Federal Office Bldg.
(713) 226-4231
KANSAS CITY, MO, 64106, Room 1840,
601 E. 12th St. (816) 374-3142
LOS ANGELES, 90024, 11201 Federal Bldg.,
11000 Wilshire Blvd. (213) 824-7591
MEMPHIS, TN, 38103, Room 710,
147 Jefferson Ave. (901) 534-3214
MIAMI, FL, 33130, Rm. 821, City National
Bank Bldg., 25 W. Flagler St.
(305) 350-5267
MILWAUKEE, WI, 53203, Straus Bldg.,
238 W. Wisconsin Ave. (414) 224-3473
MINNEAPOLIS, MN, 55401, 306 Federal Bldg.,
110 S. Fourth St. (612) 725-2133
NEW ORLEANS, LA, 70130, 909 Federal
Office Bldg., S., 610 South St.
(504) 527-6546
*NEW YORK, 10007, 41st Floor, Federal
Office Bldg., 26 Federal Plaza,
Foley Sq. (212) 264-0634
NEWARK, NJ, 07102, 4th Fl., Gateway
Bldg. (201) 645-6214
*PHILADELPHIA, 19106, 10112 Federal Bldg.,
600 Arch St. (215) 597-2850
PHOENIX, AZ, 85004, 508 Greater Arizona
Savings Bldg., 112 N. Central Ave.
(602) 261-3285
PITTSBURGH, PA, 15222, 431 Federal Bldg.,
1000 Liberty Ave. (412) 644-2850
PORTLAND, OR, 97205, 921 S.W. Washington
St., Suite 501, Pittock Block
(503) 221-3001
RENO, NV, 89502, 2028 Federal Bldg.,
300 Booth St. (702) 784-5203
RICHMOND, VA, 23240, 8010 Federal Bldg.,
400 N. 8th St. (804) 782-2246
ST. LOUIS, MO, 63105, 120 S. Central Ave.,
(314) 622-4243
SALT LAKE CITY, UT, 84138, 1203 Federal
Bldg., 125 S. State St. (801) 524-5116
*SAN FRANCISCO, CA, 94102, Federal Bldg.,
Box 36013, 450 Golden Gate Ave.
(415) 556-5860
SAN JUAN, PR, 00902, Room 100,
Post Office Bldg. (809) 723-4640
SAVANNAH, GA, 31402, 235 U.S. Courthouse
and Post Office Bldg., 125-29 Bull St.
(912) 232-4321, Ext. 204
SEATTLE, WASH., 98109, 706 Lake Union
Bldg., 1700 Westlake Ave., North
(206) 442-5615

*Denotes District Offices also serving
as Regional Offices.

FOURTH CLASS SESSION

At this session, the class focus moves from defining a business and gathering the information necessary to estimate its probability of success (Marketing 1: Marketing Research) to the application of this information in the development of a marketing plan (Marketing 2: Marketing Plan). Students use the marketing research information as the basis for developing their marketing plan, a strategy for reaching and attracting customers to their proposed business. In order to develop a marketing plan, students must consider and plan out a number of important aspects of a business: the channels of distribution it will employ, its location, pricing policy, promotional program, and customer services. While each decision further defines the business, it must also be congruent with the initial business idea and the realities of the market. As instructor your goal for the marketing plan LAP is to ensure that students understand how to develop a realistic marketing plan for a business.

Agenda

1. Review Assignment

In addition to asking students if they encountered any problems with the assignment, it is recommended that you go over two of the worksheets as discussed below:

- A. "Business Idea Evaluation" Worksheet (p. 40). Ask students what they learned from completing the first section (items 1 and 2) of this worksheet. The assignment was intended to prompt student thinking in two areas: (1) reasons people prefer one business to another similar business; and (2) types of businesses that are patronized regularly versus occasionally by their customers (e.g., a grocery store versus a typewriter repair service; the latter requires a much larger client pool in order to survive). Allow some class time for students to develop a list of reasons for (1) and examples for (2). Emphasize the importance of the reasons they mention for (1). They should consider each one in planning their business.
- B. "Your Future Customers" Worksheet (pp. 41-42). Market segmentation proved to be a difficult concept for pilot workshop participants. It is, therefore, recommended that you present a simple example for discussion in

class. You may either present the example yourself as a short lecture, or, preferably, after providing the basic information about the market, ask students to try to rank the segments according to their sales and profit potential, their growth potential, their need for the product or service, and who marketing efforts should focus on (as outlined in items 3-6 of the worksheet). For your convenience, a simplified example of market segmentation is presented at the end of this section.

2. Small Group Exercise

One exercise designed to wrap up the Marketing 1 LAP is outlined in the text (Activity 7, p. 27). An alternate exercise which provides more marketing research practice is presented below. If most students don't have a fairly definite business idea, seem to have difficulty understanding marketing research strategies, or aren't doing their homework, this alternate exercise will generate more enthusiasm and learning than the exercise in the text. Regardless of which exercise you choose, explain to the students exactly that their task is and how much time they will have to accomplish it.

Alternate Exercise

Each group should consider themselves business partners about to launch a new venture. The market for their business is the class. Their task is to conduct a market analysis of the class in order to decide what business they could successfully start; that is, they need to determine what products and/or services class members need or want. Each group should select one or two business ideas and then make a list of questions that will enable them to determine if there is a potential market for their business, what products or services they should offer, and how they might attract customers. To make sure they understand the task, briefly run through the example below or one of your own.

Example

You are interested in opening a day care center for preschoolers, possibly with after-school care for older children. To determine if there is a market for this business, you might ask:

- How many of you have preschool-age children?
- How many have children in elementary school?
- Do you send your preschooler to a day care center?

- If not, would you consider it?
- If you do, would you consider changing the service you use for any reason? (If anyone says yes, find out why they would consider changing services.)
- Would you be interested in after-school care for a child in elementary school?

To learn what services you would need to offer to attract customers, you might ask questions such as:

- How many would want to drop their children off before 8 a.m.? between 8-9 a.m.?
- How many would prefer only half-day service?
- Would you want to pick your child up before 5 p.m.? between 5-6 p.m.? between 6-6:30 p.m.?
- Would you be interested if we could pick up or drop off your child at half-day kindergarten?
- Would you prefer paying an extra \$10 per month for lunches to fixing your child's lunch each day?
- Would you pay a little more for a center that had a reading specialist who worked with the children for half an hour each day?

Using the answers to these and other questions, you would then decide if you should open the business and, if so, the hours and services you would offer.

Suggested time: Allow at least 45 minutes for this exercise:

- 1) 15 minutes for each group to select an idea or two and to develop their list of questions;
- 2) 15-20 minutes for each group to ask the class their list of questions (to avoid chaos, you will need to direct this process. Ask one member from each group to ask the questions, and class members should raise their hands to respond);
- 3) 5 minutes for each group to talk over their results;
- 4) 10-15 minutes for class debriefing--ask each group what they think of their idea now; what they learned from the process; and what questions they have now about this kind of marketing research.

LAP Exercise: If you choose Activity 7 (p. 27) instead of the alternate exercise above, ask each group to develop a list of marketing research questions or problems mentioned by group members. Allow 5-15 minutes of class time for presentation and discussion of these lists.

3. Guest Speaker Presentation

The guest speaker could be an individual who works in or teaches marketing research, public relations, or advertising. You don't need to invite a person who feels she can cover every topic included in this LAP, but she should be able to discuss ways in which a business can gain visibility and attract a clientele. Location, pricing, and customer services generally are discussed even in a presentation focused on business promotion and advertising. Ask your speaker to provide non-retail business examples.

Your guest speaker should be told that basic marketing research has been discussed in the previous class.

4. Wrap-Up

The assignment is:

- (1) the "On Your Own" activities (p. 47)
- (2) "Before Your Next Class" (p. 79)

The "Pricing" worksheet ("On Your Own" activity 3; worksheet page 76) tends to confuse students. Explain that items 1 and 2, which ask them to think of a product or service, mean any product or service, not one related to their particular business idea.

Supplementary Information

The Small Business Reporter (the first reference on the Optional Reading list, page 48) is excellent. You may wish to reproduce the "Advertising Media Comparison Chart" it includes as a class handout.

Market Segmentation Example*

Judy Greene plans to open an office coffee service in a large metropolitan area. She's in the process of researching her market and has found that there are about 1,500 businesses in the trading area she selected. Judy has divided these 1,500 businesses into four groups or segments:

- 700 offices with 10-25 people
- 500 offices with 25-50 people
- 100 offices with more than 50 people
- 200 retail outlets, such as shops, garages with waiting rooms, and small restaurants, that could use a coffee service

When Judy ranked these prospective customers according to sales and profit potential (item 3 on the worksheet), she came up with the following list:

1. 100 offices with more than 50 people
2. 500 offices with 25-50 people
3. 700 offices with 10-25 people
4. 200 retail outlets

However, when she ranked them according to their growth potential (item 4 on the worksheet), she got a different list:

1. 500 offices with 25-50 people
These firms are themselves growing and have historically tended to increase in size.
2. 700 offices with 10-25 people
Although these firms are growing too, they are smaller and tend to be less stable, prone to failure and changes of ownership.
3. 100 large offices
They are at about their full size.
4. 200 retail outlets
These businesses rarely expand, frequently change ownership, and have a higher rate of business failure.

Finally, Judy ranked the four groups according to their need for her service (item 5 on the worksheet) and her list showed:

1. 700 offices with 10-25 people
They are least likely to use a coffee service. Employees probably either have their own brewer or go out to buy coffee.

*Adapted from Developing Marketing Plans as Part of the Loan Package Process (1974).

2. 500 offices with 25-50 people
A larger proportion of these offices already use a coffee service.
3. 100 large offices
Most of these businesses have either a coffee service, catering firm, vending firm, or on-location cafeteria.
4. 200 retail outlets
Although few have a coffee service, few of them feel much need for one.

On whom, then, should Judy's marketing campaign focus? (item 6 on the worksheet)

The 1,200 offices with 10-50 people. While she may decide to try to tap the other two segments of her market once her business is established, the more lucrative potential obviously lies on the medium-sized offices.

FIFTH CLASS SESSION

Once the prospective business owner has established that there is a market for her business and has developed a strategy for reaching her future customers and attracting them to her business, she needs to deal with the practical realities of setting up a business. Most students are vaguely aware that there are federal, state, and local laws and regulations that govern small business; few will actually know what steps must be taken to start and protect a business and what obligations they, as business owners, have to meet. It is not unusual for students to mistakenly believe that, until their business records a profit, they have no tax liabilities.

The "Setting Up Your Business" LAP which you will begin in this class session provides basic information on government regulations and tax laws, the three major legal forms of business, insurance protection, business records, and sources of business advice and assistance. As instructor your goals for this LAP are: (1) to provide information on state and local laws and regulations that will supplement the more general information in the text; (2) to emphasize the importance of a good recordkeeping system and a sound insurance protection plan; and (3) to introduce students to several business "experts" who serve as guest speakers.

Agenda

1. Review Assignment

The major focus of the homework assignment was on the reading in preparation for this class session. You should respond to questions about the worksheets, however, and review two of them as follows:

- A. "Business Location" Worksheet (p. 75). Ask for examples of student site selections and for explanations of these choices. You might wish to give an example of a site selection for a hypothetical business in your community and ask them to explain the advantages and/or disadvantages of this location for the given business.
- B. "Pricing" Worksheet (p. 76). The first two items on this worksheet were intended to prompt students to think about reasons prices vary. Ask for

examples they thought of and how they would explain these similarities or differences in price. Their examples should illustrate: (1) higher prices for image, prestige, and/or atmosphere; (2) higher prices for convenience (stores which are open early and/or late, provide fast service, or offer charge accounts to clients); (3) higher prices for personal service and attention; (4) very similar prices to competitors if can't offset competition with uniqueness.

2. Small Group Exercise

The exercise outlined in the text (Activity 6, p. 47) provides students with an opportunity to try out their marketing skills. It also demonstrates how creative a small group can be in a very brief period. You should ask 2 or 3 groups, working independently, to develop a marketing campaign for each product idea. The product ideas you ask them to work with can be for any product you can think of that, so far as you know, is not on the market. Sample product ideas: (1) jewels to be worn in the navel; (2) frozen bag lunches; (3) a computer programmable lawn mower; (4) a fill-in-the-blanks family genealogy book, etc.

Class debriefing: Each group should have 5 minutes in which to present their campaign to the class.

Suggested time allotment: 20-30 minutes in small groups;
5 minutes per group in class.

3. Guest Speaker Presentation

You should invite at least two guest speakers, an insurance agent and a lawyer, and possibly an accountant as well. Unless you can allow two hours for the guest speaker presentations, three speakers simply provide too much information for students to handle. It is especially important that the guest speakers for this session carefully prepare and organize their presentations in advance. All speakers should be familiar with small business.

The lawyer should be prepared to discuss the three major legal forms of business--sole ownership, partnership (both general and limited), and corporation--and the advantages and disadvantages of each; the partnership agreement; local (state, county, and city/town) requirements for setting up a business, including necessary licenses and filing procedures, approximate cost of

licenses, permits, and filing fees, and where to go for information; and legal liabilities of the business owner. If you have not scheduled an accountant to speak at this session, ask the lawyer to briefly discuss tax liabilities and the legalities of extending credit and handling overdue credit collections.

The insurance agent should discuss the importance of a sound insurance plan, how to decide what risks to insure against, small business insurance "package policies," how to select an insurance company, and how to price insurance.

If an accountant is scheduled for this session, she should explain the tax liabilities of the business owner. Sample tax tables and forms which can be distributed to the class are useful and she should provide phone numbers and addresses for further information. She should also explain the basic records needed by a small business, but without getting into detail as to different recordkeeping systems, and the implications of extending credit to your customers, from an accounting and cash flow perspective.

Each of your guest speakers should briefly discuss what services the type of business expert she represents can provide to small business owners, how to select a reliable and trustworthy expert in her field, the kind of information the business owner should bring to an appointment with the expert, and approximate estimates of the fees for various standard services.

4. Wrap-Up

The assignment is:

- (1) the "On Your Own" activities (p. 80)
- (2) "Before Your Next Class" (p. 123)

In completing the "Recordkeeping Basics" worksheets (pages 116-122), students should reconcile the bank statement before performing the necessary recordkeeping functions for the day; that is, the day's business transactions should not be included in the bank statement reconciliation process.

Students should be told that they may find the reading assigned in preparation for the next class difficult to understand. Explain that this reading is included as an introduction to the area of financial analysis and that it will be discussed in the next class. They should read it carefully, but there is no need to become concerned if they have difficulty understanding some of the content.

Supplementary Information

Tax Guide for Small Business and Your Business Tax Kit, both published by the Department of the Treasury, Internal Revenue Service, are excellent resources for this class. Both should be available at the local Internal Revenue Service Office or may be ordered from the U.S. Government Printing Office. Although these publications cannot be ordered in bulk free of charge, students can obtain individual copies at no cost. It is recommended that you bring a sample copy of each to the class.

SIXTH CLASS SESSION

Financial planning is probably the most difficult aspect of starting a business; it is also critical to business success. Although an accountant may prepare the financial statements for a business, the owner must understand how to interpret these statements in order to use the information they contain. The Financial Planning LAP which will be introduced at this class session covers financial terms, financial statements, and financial analyses. Although the fact sheets provide more in-depth information than can be adequately explained in class and the worksheets may be too advanced for some of the students, they are an important and useful future reference for those who start a business.

The level of sophistication and experience with financial terminology and financial statements may vary widely among the students in your class. Some of your students may become unnecessarily anxious simply at the thought of dealing with numbers. Explain that there is nothing mathematically complex about financial statements and that, if students approach them carefully and allow sufficient time, anyone who can do simple mathematics can work with them. Your role as instructor for this LAP is (1) to reduce unnecessary and counterproductive anxiety; (2) to familiarize students with financial terms and concepts; (3) to provide students with a general understanding of financial statements and their use in business; and (4) to explain to students how to take the initial steps in estimating the amount of money they will need to start their business.

Agenda

1. Review Assignment

In discussing the homework assignment, review two of the worksheets as described below:

- A. "Government Regulation and Taxation" Worksheet (p. 114). Ask class members to provide answers to items 1-3. The answers to item 4 will vary somewhat from business to business so ask several students for their answers. You should check the correct answers for items 2-4 before class by contacting the Chamber of Commerce, an accountant, or City Hall. Answers to item 5 vary greatly depending on the kind of business, its legal form, and its state of origin.
- B. "Recordkeeping Basics" Worksheet (pp. 116-122). The correct answers can be found on pages 61-64 at the end of this unit in the Instructor's Guide.

2. Small Group Exercise

The small group exercise described in the text (Activity 6, p. 80) is meant to provide practice in drawing up a partnership agreement and, by requiring students to answer key partnership questions, to reinforce the importance of reaching formal agreement on these matters. Groups may be as small as two members, but none should have more than four. Groups are best advised to organize as general, rather than limited, partnerships. They should use page 85 of the text as their guide for this exercise. Ask them to keep notes.

Class debriefing. At least one group should present their agreement to the class. Allow time for comments and questions. Remind the class that all partnership agreements should be formally drawn up by a lawyer. However, if the partners can reach agreement on each item in the articles of partnership before they see a lawyer, the fee will be much more reasonable.

Suggested time allotment: 20 minutes in small groups; 10-15 minutes for class discussion.

3. Guest Speaker Presentation

The guest speaker for this session should be an accountant or a CPA, preferably one who has small business experience. The guest speaker's presentation should cover basic financial statements (balance sheet, profit and loss statement, and cash flow forecast)--what each statement is, how they are prepared for both new and operating businesses, who uses them, and what they are used for. Because cash flow projections tend to be especially confusing for many people and are not discussed in sufficient depth in the text, she should give special attention to this topic.* The speaker should also discuss how to estimate the amount of money needed to start a business and this discussion should explain how typical industry ratios can be used to estimate sales volume and operating expenses.

If you did not invite an accountant as one of the guest speakers at the last class session, this week's speaker should begin her presentation by briefly discussing the basic recordkeeping requirements of a new business. If she does so, make sure she receives a copy of the "Setting Up Your Business" LAP, as well as the Financial Planning LAP. It is essential that the guest

*A simplified approach to teaching and understanding cash flow is presented in the reprint from Enterprising Women at the end of this unit of the Guide (pp. 65-66).

speaker at this session receive her copy of the LAP(s) sufficiently in advance of the meeting so that she can carefully prepare her presentation.

The guest speaker can either use the Financial Planning LAP as the basis for her presentation, going through the materials step by step, or she can prepare her own presentation. She may, for example, wish to bring sample financial statements and other financial records for a business to use as the basis for her presentation. If audio-visual equipment is available, the instructor should bring an overhead or opaque projector to class so that the speaker can show LAP or other sample financial statements to the class. Regardless of which approach the speaker takes, she should be prepared to answer students' questions concerning the LAP. While she should not try to teach financial analysis in addition to everything else, she should be able to respond to questions about the "Key Ratios and Financial Analysis" fact sheet (pp. 136-140) in the text.

If the instructor does not have a business finance or accounting background, Activities 4 and 7--The Business Profile--outlined on page 124 of the text should be included in the guest speaker's presentation. The last half hour of class should be reserved for this exercise which can be conducted in either of the following ways:

- A. The guest speaker can present the exercise to the class by taking them through each step of filling out the two statements. She should explain each step and respond to questions as they arise.
- B. The class can break into small groups, quickly reread The Business Profile (pp. 141-142), and then complete the two worksheets. If you don't have much time, half the groups could work on the balance sheet and the rest could complete the profit and loss statement. Allow about 20 minutes for the small groups and then have the guest speaker review and explain the correct worksheet answers to the class as a whole. Copies of the completed worksheets are provided at the end of this unit in the Guide (pp. 67-68).

4. Wrap-Up

The assignment is:

- 1) the "On Your Own" activities (p. 124)
- 2) "Before Your Next Class" (p. 154)

If Activity 4 was completed in class, students should simply omit it from the assignment. Unless students are very close to starting their businesses, they will probably not be able to complete Activities 3, 5, and 6. All students should carefully review these assignments and the corresponding worksheets. Most students should be able to work on Activity 3: by collecting as much information as possible for their particular business and then "guess-timating" when they don't have enough information, students can arrive at, at least, a rough idea of how much money it would take to start a particular business.

Supplementary Information

"Cost of Doing Business," essentially a large 2-page leaflet, available free from Dun & Bradstreet (see page 132 of the text) provides a useful general introduction to key business ratios. If you order it from New York or from a local Dun & Bradstreet office, ask specifically for "Cost of Doing Business: Partnerships and Proprietorships." The library or the accountant who is your guest speaker may also be able to provide you with a sample copy to show in class.

Business Checks

Check No. 101 \$86.00
 Date January 15, 19--
 To Acme Supply Co.
 For shipment of nails

Bal. Bro't. For'd.	<u>98.00</u>
Amt. Deposited	<u>485.00</u>
TOTAL	<u>583.00</u>
Amt. this check	<u>86.00</u>
Bal. Car'd. For'd.	<u>497.00</u>

URBANA NATIONAL BANK
 Urbana, Illinois

Check No. 101

Date January 15, 19--

Pay to the order of Acme Supply Company \$86.00
Eighty six and ²⁰/₁₀₀ dollars.

JOAN'S HARDWARE

Joan J. Crawford

Check NO. 102 \$100.00
 Date January 15, 19--
 To Peterson Co.
 For shipment of tools

Bal. Bro't. For'd.	<u>497.00</u>
Amt. Deposited	<u>- 0 -</u>
TOTAL	<u>497.00</u>
Amt. this check	<u>100.00</u>
Bal. Car'd. For'd.	<u>397.00</u>

URBANA NATIONAL BANK
 Urbana, Illinois

Check No. 102

Date January 15, 19--

Pay to the order of Peterson Company \$100.00
One hundred and ²⁰/₁₀₀ dollars.

JOAN'S HARDWARE

Joan J. Crawford

Accounts Receivable Register

Customer Mr. Fred Jones

Date	Details	Amount
1/15/--	Credit Purchase -- sales slip # 112	45.00
1/15/--	Cash Received -- check # 847	20.00
		25.00

Customer Ms. Betty Wilson

Date	Details	Amount
1/15/--	Credit Purchase -- sales slip # 113	15.00

Payroll Records

Employee <u>Bart Nelson</u>										Social Security Number <u>000-00-0000</u>										
	S	M	T	W	Th	F	S	Ttl. Reg. Hrs.	Reg. Rate Per Hr.	Ttl. Reg. Pay	Over- time Hrs.	Over- time Rate Per Hr.	Ttl. Over- time Pay	Ttl. Gross Pay	Soc. Sec. Ded.	Fed. Inc. Tax	State Inc. Tax	Other Deduc- tions	Total Deduc- tions	Net Pay
Week 1		8	4			8		20	3.00	60.00	0	--	0	60.00	3.60	6.00	1.40	0	10.00	50.00
Week 52																				

Employee <u>Rita Simpson</u>										Social Security Number <u>000-00-0000</u>										
	S	M	T	W	Th	F	S	Ttl. Reg. Hrs.	Reg. Rate Per Hr.	Ttl. Reg. Pay	Over- time Hrs.	Over- time Rate Per Hr.	Ttl. Over- time Pay	Ttl. Gross Pay	Soc. Sec. Ded.	Fed. Inc. Tax	State Inc. Tax	Other Deductions	Total Deductions	Net Pay
Week 1				4	4		4	12	3.00	36.00	0	--	0	36.00	2.10	3.50	.90	0	6.50	29.50
Week 52																				

-63-

Summary Payroll Record																		
	S	M	T	W	Th	F	S	Ttl. Reg. Hrs.	Ttl. Reg. Pay	Over- time Hrs.	Ttl. Over- time Pay	Ttl. Gross Pay	Soc. Sec. Ded.	Fed. Inc. Tax	State Inc. Tax	Other Deductions	Total Deductions	Net Pay
Week 1	0	8	4	4	4	8	4	32	96.00	0	0	96.00	5.70	9.50	2.30	0	16.50	79.50
Week 52																		

Daily Receipts Summary

Date <u>Jan 15, 19--</u>	
Cash Sales for the Day	\$ <u>465.00</u>
Total Cash Received on Accounts Receivable	\$ <u>20.00</u>
Total Deposited in Business Checking Account	\$ <u>485.00</u>

Bank Reconciliation Statement

Balance shown on bank statement		\$ <u>278.00</u>
add deposits not credited:		
	<u>Jan. 14</u>	<u>110.00</u>
		\$ <u>388.00</u>
subtract outstanding checks:		
check no. 92	\$ 130.00	
check no. 94	40.00	
check no. 96	<u>120.00</u>	
		<u>290.00</u>
Adjusted balance per bank statement		\$ <u>98.00</u>
Balance as shown in checkbook		\$ <u>100.00</u>
subtract:		
bank service charge		<u>2.00</u>
Adjusted checkbook balance		\$ <u>98.00</u>

The following article is reprinted from *Enterprising Women*, A Business Monthly, Volume III, Issue 5, January 1978, with the permission of Ava Stern, Editor and Publisher.

Cash Flow Analysis for Non-Financial Executives

— by Karen Olson, C.L.U.

How well do you understand your own cash flow? Most business owners work with three financial statements at regular intervals: income tax returns, balance sheets and income statements. But how much *useful* information are you getting from these statements? Do they help you to project your credit needs? Do they help you to cost your product? How about planning major expenditures and capital acquisitions?

If your answer is no, it's not because you don't know how to read them or because you haven't been to business school. It's because that's not what they're designed to do. Following is a simple method of cash flow analysis for the business owner's internal use.

The whole purpose of this kind of an analysis is to determine what your absolutely minimal cash requirements are in each month. What you get by completing this chart is a series of cash balances showing roughly how cash cycles through your business. Then you can establish a line of credit to handle any "negative" periods in the cycle. This may be necessary even if the results for the entire period (obtained by adding up the columnar totals in a horizontal fashion at the bottom of the page) turn out to be a positive figure.

Why Is Cash Flow So Important?

What keeps your business going throughout the year? What allows or prevents you from buying inventory? What do you need to understand how to plan major expenditures? Cash flow. And where do you find real gut financial information to use in your planning? The one person best qualified to provide it is you.

With the simple method illustrated here, you have a plain picture of when you have cash and when you don't.

If you are really running your business, you know if your accounts are paying in 30 days or 90 days. You know that \$1,000 in April is very different from \$1,000 in January. You already know your monthly overhead and how much revenue you need to cover it, and that there's money to spend only after that amount is in the bank.

Without complicated accounting procedures, you can chart your progress, plan your budget, borrowing, expenses and purchases according to the cash flow pattern that you develop on this chart.

Why Are Other Statements Confusing?

Financial statements have various functions and are not generally designed to help you in day-to-day operations. Federal income tax returns are used to pay the government as little as legally possible, and as such are vital information to IRS but may be of little use to anyone else. Balance sheets and income statements get closer to the real picture, but still do not reflect the simple facts.

If your balance sheet is prepared by your accountant, according to generally accepted accounting principles, it is based on certain assumptions and rules used by the banking and financial community. It is a package prepared for outsiders, a standard measure of your investment in the business, not its current real worth.

If you bought your house 10 years ago, would you sell it for exactly what you paid for it? Of course not. Yet if you were to have an accountant prepare a certified statement of your personal net worth, your house would be valued at the price you paid for it.

This is not because accountants do inaccurate or poor work, but because generally accepted accounting principles require valuing assets at cost.

Does your income statement reflect how much money you are making when, and your rate of return? It's tied to your balance sheet. Suppose your balance sheet says your net worth or book value is \$100,000 and your net income is \$20,000. Someone asks what you would sell for today, and you say "no less than 10 times earnings" (\$200,000). Who's right, you or your balance sheet? The odds are with you.

Your balance sheet does not tell current or replacement value of assets and does not include good will. What is your rate of return?

$$\frac{\text{income}}{\text{net worth}} = 20\%$$

$$\frac{\text{income}}{\text{your price}} = 10\% \text{ Who's right?}$$

Chances are that you are a lot closer to right than your balance sheet. If you let the statement congratulate you on making 20% on your money, you're likely to make some expensive judgments.

Let your accountant worry about completing the statements for other people like IRS, creditors, stockholders and bankers. That's all necessary. But keep in mind that's their information. You and your business need special information that you understand and you control.

	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
1. Cash Income												
2. Non-income Cash												
3. Total Cash Avail.												
4. Non-discretionary fixed												
5. Non-discretionary variable												
6. Discretionary fixed												
7. Discretionary variable												
8. Total Expenses												
9. Net Total												

1. Cash Income: self explanatory.

2. Non-income Cash: all those items of cash which, like loan proceeds, represent cash coming into the business without being income.

3. Total Cash Available: 1. + 2.

4. Non-discretionary fixed expenses: all expenses which will be incurred by the business that are certain as to time and amount. Rent is a good example; so are mortgage payments.

5. Non-discretionary variable expenses: the same as 3., but either the amount or the time in which the expense will be incurred is not accurately known. Auto-

mobile expenses are an example; when they are incurred throughout the period, they will be paid, but it is impossible to know ahead of time precisely how much they will be or exactly when they will occur. In this category, care must be taken to estimate both an amount and/or time for occurrence.

6. Discretionary fixed expenses: these are items over which the head of the business has control during the year to make or not make without significantly changing the nature of the business, but which if incurred, will be definite as to both time and amount; e.g., hiring an additional employee or leasing a sec-

ond copy machine.

7. Discretionary variable expenses: the analogy here is the same as in the fixed categories — expenses such as contributions, traveling, entertainment, certain amounts of advertising, etc., fall here.

8. Total Expenses: 4. + 5. + 6.

9. Net Total: 3. - 8.

Karen Olson, insurance agent and 1978 president of the N.Y. Association of Women Business Owners, is located at 201 East 42 Street, NYC 10017. Two of her other articles, on health and disability insurance, and business uses for life insurance, have appeared in previous issues.

Mary's Used Furniture Store
Balance Sheet
December 31, 19__

ASSETS		LIABILITIES AND EQUITY	
<u>Current Assets</u>		<u>Current Liabilities</u>	
Cash	<u>13,000</u>	Accounts Payable	<u>9,000</u>
Accounts receivable	<u>7,000</u>	Loan Payment	<u>2,000</u>
Less allowance for doubtful accounts	- <u>1,000</u> = <u>6,000</u>	TOTAL CURRENT LIABILITIES	<u>11,000</u>
Inventory	<u>9,000</u>	<u>Long Term Liabilities</u>	
TOTAL CURRENT ASSETS	<u>28,000</u>	Mortgage	<u>30,000</u>
<u>Fixed Assets</u>		TOTAL LONG TERM LIABILITIES	<u>30,000</u>
Land	<u>7,000</u>	TOTAL LIABILITIES	<u>41,000</u>
Building	<u>40,000</u>	<u>Equity (assets minus liabilities)</u>	
Less allowance for depreciation	- <u>4,000</u> = <u>36,000</u>	Owner's equity	<u>38,000</u>
Equipment (including vehicles & remodeling and fixtures)	<u>9,000</u>		
Less allowance for depreciation	- <u>1,000</u> = <u>8,000</u>		
TOTAL FIXED ASSETS	<u>51,000</u>	TOTAL LIABILITIES AND EQUITY	
TOTAL ASSETS	<u>79,000</u>	= ASSETS	<u>79,000</u>

Mary's Used Furniture Store
Profit and Loss Statement

For 12 Month Period

Industry Average *			% OF TOTAL SALES
	TOTAL SALES		
	Cash sales	32,000	
	Credit sales	48,000	
100%	TOTAL REVENUE	80,000	100%
	COST OF GOODS SOLD		
	Beginning inventory	18,000	
	Purchases	50,000	
	Cost of goods available for sale	68,000	
	Less ending inventory	9,000	
67%	COST OF GOODS SOLD	59,000	74%
33%	GROSS MARGIN (total revenue minus goods sold)	21,000	26%
	EXPENSES		
	Salaries and wages	10,800	
	Utilities	1,200	
	Advertising	1,200	
	Insurance	600	
	Depreciation (equipment and building)	5,000	
	Mortgage Payments	2,400	
	Other (accountant, supplies, etc.)	700	
	TOTAL EXPENSES	21,900	
	NET PROFIT (LOSS) BEFORE TAXES	(900)	
	ESTIMATED INCOME TAX	0	
8%	NET PROFIT (LOSS)	(900)	

*The percentages listed above in the left hand column are taken from Dun & Bradstreet, Inc., "Cost of Doing Business" (1972).

SEVENTH CLASS SESSION

Now that they have gained some familiarity with basic financial planning and the steps involved in gathering the information necessary to estimate start-up capital needs, students need to consider how and where they might obtain financing for a business. The fact sheets in the Financing LAP provide information about the various types and sources of financing; what banks and other lending agencies want to know from an individual applying for a loan; criteria used in evaluating a loan request; the basic elements of a loan package; how to select a bank; the new credit rights that affect women (the 1975 Federal Credit Opportunity Act); and how to establish credit.

Unless the prospective business owner has considerable personal savings and collateral and/or a proven success record in a business, her prospects for obtaining a business loan to start a new business directly from a commercial bank are not good. This is a harsh reality that may be very discouraging to students in the class who may have (consciously or unconsciously) hoped to find some "secret formula" for obtaining money as a result of taking the course. There simply is no such secret to obtaining financing for a business. It's important, therefore, to have information available about Small Business Administration (SBA) loans (both direct loans and indirect SBA-guaranteed bank loans). Three free pamphlets which you can order from the SBA to distribute in class are:

- (1) SBA Business Loans, OPI-18, 1977.
- (2) Women and the U.S. Small Business Administration, May 1976.
- (3) The Facts About Women as Users of SBA Services, OPI-55, August 1976.

To enable students to choose among financing options and to assist those either unwilling to apply for or unable to obtain a business loan, other possible sources of start-up capital should be discussed. For example, capital can be raised through personal bank loans, by inviting friends or relatives to invest in the business or to grant loans, or through cashing in insurance policies. Credit arrangements with suppliers can reduce the amount of start-up capital that is needed. Although it is not impossible to start a business "on a shoestring," students should understand the difficulties inherent in such an approach. Starting a business from one's home and/or on a part-time basis while holding a job requires less initial capital; however, it also prolongs the amount of time it takes to establish the business. The saying "it takes money to make money" holds true for most business ventures. In the majority of cases, students who

wish to start off on a shoestring would be wiser to postpone starting their businesses until they have managed to save or raise an adequate amount of capital. Undercapitalization is a major cause of business failure.

The "hard facts" presented above may need to be repeated during the review period at the beginning of the next class session or, if time permits, at the conclusion of this session following the guest speaker's presentation. The instructor's goals for the Financing LAP are:

(1) to present a realistic picture of the financing possibilities available to start a business; (2) to provide up-to-date and local information on the procedures involved in applying for a loan; and (3) to raise the student's awareness of her credit rights and of the importance of establishing credit in her own name.

Agenda

1. Review Assignment

Unless you have an accounting or business background, you will want to invite someone who has such a background to assist you with the review of the assignment. The guest speaker from the last session, the guest speaker scheduled for this class session, or a class member with the prerequisite background could provide the necessary expertise. If the guest speaker for this session agrees to help in the review, she should receive a copy of the Financial Planning LAP, as well as the Financing LAP, in advance of the class meeting.

Review the assignment as follows:

- A. Activity 3 (p. 124). Ask the class how many of them (by show of hands) were able to complete (or almost complete) the "Initial Start-Up Costs" and "Estimated Monthly Expenses" worksheets for their own business. Allow some time for questions and comments. Remember that samples of these two worksheets are available on pages 145 and 146 of the Financial Planning LAP as part of the "Business Profile" exercise to assist you in answering any questions. Also, refer to the following SBA aids referenced in the optional reading list on pages 125 and 126:

Starting and Managing a Small Business
of Your Own, by W. O. Metcalf;

SBA Business Plans for different types of
businesses (manufacturing, retail, etc.)

- B. Activities 5 and 6 (p. 124). Ask the class how many were able to complete (or almost complete) the "Estimated Income Statement," "Project Balance Sheet," and "Projected Cash Flow Statement." Allow some time for questions and comments. Remind the class that they were not expected to be able to complete this assignment unless they were almost ready to start a business.

2. Small Group Exercise

If the "Business Profile" exercise (Activity 7, p. 124) was not covered by last session's guest speaker, it should be used as the small group exercise. If it has already been used, substitute the alternate exercise described below.

Alternate Exercise

This exercise demonstrates how to prepare a cash flow forecast. Use the sample cash flow forecast on pages 134-135 of the text for the exercise. This sample presents the January and February projections for a hypothetical business and explains how these figures were estimated. The task of each small group is to prepare the cash forecast for March.

The instructor should present the information below to the class. Either this can be done by putting the category and estimate on the board and verbally explaining each estimate or by reproducing this information as class handouts. This information is all that is needed to prepare the cash forecast for March.

Instructions to the class. Assume that the cash forecast presented on pages 134-135 of the text has been prepared for a small flower and plant shop. Using the figures your instructor gives you, each group is to prepare a cash forecast for the month of March. Since Easter will fall in March, the month is expected to be a particularly good one for this business. The desired cash balance for March is \$3,850. Using the information below as a guide, you will be able to fill in or estimate a figure for each category on the Cash Forecast Sheet.

<u>Category</u>	<u>Estimate</u>	<u>Explanation</u>
Other income	0	
Disbursements on accounts payable	\$1,700	An extra \$250 in comparison to last month's payments due to stocking extra inventory to cover additional sales for Easter.
Payroll	\$1,200	An extra \$200 in comparison to last month is needed to cover additional part-time help over the Easter weekend.
Cash sales	\$2,000	Total expected sales are \$6,000 for March. Based on prior experience, only about one-third of total sales will be in cash.
Other (taxes, etc.)	\$ 250	The \$200 short-term loan (see line 13 for February) is to be repaid and \$50 set aside for taxes.
Collections and accounts receivable	\$2,400	Same as last month.
Advertising	\$1,000	Same as last month. Easter advertising has been running since January!
Utilities	\$ 100	

Class debriefing. Review the correct answers for the March forecast as shown on page 73. Explain each step that must be taken to arrive at these figures. Special explanations should be made of the following:

<u>Line</u>	<u>Amount</u>	<u>Explanation</u>
A. Total cash receipts	\$4,400	Add lines 1,2,&3
B. Total cash payments	\$4,250	Add lines 4,5,6,7,&8
B.9. Expected cash balance at beginning of month	\$3,850	This figure is reached by taking the "expected cash balance" (line 11) from the previous month and adding to it any cash borrowed (line 13) necessary to achieve the "desired cash balance" (line 12). If the owner does not expect to need or be able to borrow, simply use the figure on line 11 of the previous month.
B.10. Cash increase or decrease	\$ 150	Subtract the figure on line B from the figure on line A. This month a cash profit is generated; however, it does not include credit sales or expenses.
B.11. Expected cash value at end of month	\$4,000	Line 9 plus or minus line 10.
B.12. Desired cash balance	\$3,850	Same as last 2 months.
B.14. Cash available for short-term	\$ 150	The figure on line 12 is subtracted from the figure on line 11. If, as in this example, there is an expected surplus of cash over the desired cash balance, this surplus cash is put away for future use.

Suggested time allotment: 15-20 minutes in small groups; 15-20 minutes for class review.

CASH FORECAST SHEET

		January		February		March	
		Forecast	Actual	Forecast	Actual	Forecast	Actual
EXPECTED CASH RECEIPTS:							
1.	Cash sales	\$1,300		\$1,400		\$2,000	
2.	Collections on accounts receivable	2,000		2,200		2,400	
3.	Other Income	-----		-----		-----	
A.	Total Cash Receipts	\$3,300		\$3,600		4,400	
EXPPECTED CASH PAYMENTS:							
4.	Disbursements on accounts payable	\$1,000		\$1,550		1,700	
5.	Utilities	100		100		100	
6.	Payroll	1,000		1,000		1,200	
7.	Advertising	1,300		1,000		1,000	
8.	Other (taxes, etc.)	50		150		250	
B.	Total Cash Payments	\$3,450		\$3,800		4,250	
9.	Expected cash balance at beginning of month	\$7,000		\$3,850		3,850	
10.	Cash increase or decrease (A -B)	-150		-200		150	
11.	Expected cash balance at end of month	6,850		3,650		4,000	
12.	Desired cash balance	\$3,850		\$3,850		3,850	
13.	Short-term loan needed (12-11, if 12 is greater)			\$200		-----	
14.	Cash available for short-term	\$3,000				\$ 150	

LAP Exercise: If you use Activity 7 (p. 124), allow 15-20 minutes for students to work in small groups and 10-15 minutes for class review and discussion. Answers can be found on pages 67 and 68 of this Guide.

3. Guest Speaker Presentation

The guest speaker should be an employee of a local bank who is familiar with loan policy and procedures, probably a loan officer or vice president. Either the banker should be familiar with SBA loans or you should also invite a representative from the local SBA office or an SBA loan recipient to discuss this source of financing. You may wish to invite an additional speaker to specifically address the subject of credit rights and procedures. A credit union representative or a successful woman business owner with a special interest in and familiarity with credit rights could speak on this topic.

The banker's presentation should cover loan policies and procedures (including SBA direct and guaranteed loans) and the criteria used in evaluating loan applications. Ask her to bring in sample loan forms or a sample loan package to show the class, if possible. Her presentation should include "tips" on how to communicate effectively with a loan officer and how to "sell" a business idea. She should also discuss alternative ways to raise capital and, if you have not invited another speaker to address the topic, how to establish credit and the new credit rights resulting from the 1975 Federal Credit Opportunity Act.

To demonstrate what a loan interview is like and to prepare students for their next assignment, you might "role play" a typical loan applicant interview with the guest speaker from the bank. This can be a very effective teaching technique. However, it should be used only if the banker feels comfortable with the idea and has agreed to it in advance and if you have prepared a brief business plan and loan request (see Activity 3, p. 155 for guidelines). The guest speaker can then use this illustration of a loan interview as the basis for discussing and analyzing the interview process.

In selecting speakers for this class session, it is especially important that you find individuals who have a positive and open attitude toward new business ventures and women business owners. They should, of course, be frank and realistic about students' chances of obtaining a loan, but avoid inviting gloomy, discouraging representatives of the "it can't be done" school of thought.

To prepare for class, your guest speaker(s) should receive a copy of the Financing LAP and you should explain that basic financial

planning, including financial terms and statements, has been discussed in the previous class session.

4. Wrap-Up

The assignment is:

- (1) the "On Your Own" activities (p. 155)
- (2) "Before Your Next Class" (p. 173)

You should review "On Your Own" Activities 3 and 4 (p. 155) with the class. Regardless of how tentative their business idea is, all students should complete the first two steps of Activity 3. Students who have not decided on a particular business should simply select an idea to use for this activity. Explain that no one will be asked to share actual financial figures for their loan in class.

The loan officer interview (Activity 4) may be premature for those students who have yet to choose a specific business idea. Students who don't plan to borrow start-up capital may see it as irrelevant. Point out to them that every business owner must deal with bankers and that this is the best time to begin establishing this relationship.

EIGHTH CLASS SESSION

After the work on financing has been wrapped up, the next LAP, "Operations: Running Your Business," will be introduced. Although handling the day-to-day responsibilities of an operating business may seem like a distant prospect, students need to be familiar with the topics covered in this LAP. Not only will this information help students to further assess their interest in business ownership, but it will also supply a basic grounding in inventory and buying procedures and records, hiring and training employees, and human relations skills for those who do eventually start a business. Of more immediate importance, however, is the fact that many lending sources require that loan applicants provide a staffing and operations plan as part of the business plan package.

Students who do not plan to open a retail business sometimes assume that they do not need to concern themselves with inventory or buying. Point out that there are few businesses which operate without inventory and/or supplies and that every business owner should identify and evaluate her possible suppliers. For example, the woman who plans to open a real estate office needs to consider how she will acquire her "inventory" of property. The instructor's goals for this LAP are: (1) to provide students with a understanding of how to develop an initial inventory list and buying plan; (2) to emphasize the importance of identifying business suppliers even in the early phases of the business; (3) to familiarize students with personnel procedures and policy; and (4) to emphasize the importance of the owner's human relations skills to business success.

Agenda

1. Review Assignment

Allow some time for discussion and questions about the assignment. Ask how many students were able to complete all four steps of Activity 3 (p. 155). If students had difficulty with the assignment, find out what problems they encountered. You should also determine how many students had a preliminary interview with a loan officer (Activity 4, p. 155). Ask those who completed this activity to share their experience and their feelings about it with the class. Be sure to reinforce those students who did visit a loan officer and encourage those who have not to do so as soon as they feel they have a definite business idea.

2. Small Group Exercise

The small group exercise outlined in the text (Activity 5, p. 155) wraps up the work on Financing by providing students with an opportunity to "role play" a loan interview. Every student needs to know how to "sell" her business idea to a banker, because every business owner needs to establish a good working relationship with a banker. Practicing a loan interview helps students develop a good business idea presentation, builds their communications and selling skills, and reduces anxiety about the loan interview. This exercise also helps students to begin to integrate the activities, reading, and homework assignments for all the previous LAPs.

In order to complete the exercise as outlined in the text, each student must have completed at least the first two steps of Activity 3. If in your earlier review of the homework assignment you found not all students had prepared an outline of a business idea, use the alternate exercise described below. Regardless of which exercise you use, students should understand that they do not have to present personal or business financial statements as part of the exercise. Each person should, however, decide on a specific amount of money (real or "made up") that she would like to borrow. It is also essential that students approach the exercise seriously and that they use the time to present their own business idea in as clear and convincing a manner as possible and to respond to others' business ideas by asking relevant questions and offering constructive suggestions on how to improve the presentation.

Alternate Exercise

Students should work in small groups of four or five and each group should include at least two class members who have prepared a business idea outline. Students who have completed a loan interview should work with different groups. Each student in the group who has prepared her business outline should present it to the group, leading up to her loan request. The other group members should consider themselves to be a group of potential investors or lenders. They should pose any questions they feel that they need to have answered in order to make their decision about financing the proposed venture and they should then reach a decision and present and explain it to the applicant.

Class debriefing. Allow the class to discuss this exercise and, especially, their feelings about seeking financing. Women are often not only uncomfortable and apprehensive about being rejected in an attempt to secure a loan, but also reluctant to permit

anyone else to invest in or finance their "dream." It's very important to discuss both reasons for reluctance to seek financing. The worst possible outcome of applying for a loan is being turned down. By finding out why your request was denied, you may learn something that will help you strengthen your proposed business and improve your chances of success. If you're turned down simply because of your personal financial situation, you'll have to try to find a more receptive bank, seek other kinds of financing, postpone start-up until your own financial position improves, or go ahead and start your business on a smaller scale; but you will have tried the banks. Starting a business requires persistence, assertiveness, risk taking, and selling yourself and your idea to clients and to sources of financing.

The "nobody else is going to own part of my dream" position is, quite frankly, unrealistic. The undercapitalized dream is likely to become a nightmare as the business struggles along requiring all its owner's time and energy just to stay afloat. You should love what you're doing but never forget that it is a business and its goal is to make a profit. No one will ever have as much invested in a business, emotionally or financially, as its owner.

Suggested time allotment: 30 minutes in small groups;
15 minutes for class discussion.

LAP Exercise: If you use the exercise in the text, class debriefing should be similar to that for the alternate exercise. You probably will need to schedule less time for the one-on-one exercise than for the small groups.

3. Guest Speaker Presentation

The guest speaker should be familiar with all aspects of business operations, particularly inventory and buying. You could invite a management consultant, an accountant, and/or two experienced business owners. If you invite business owners, however, make sure that they handle their own inventory and purchasing in an organized and accepted manner. Ask your speakers to discuss business operations appropriate to the various types of businesses students are interested in starting--wholesale, retail, manufacturing, service, or construction. Certainly all classes will include prospective retail and service business owners. A discussion of retail business operations should cover inventory requirements, buying plans, selecting suppliers, and how to set up and maintain records on all of the above. A discussion of service business operations should include pricing services,

controlling expenses (for supplies, employees, etc.), and recordkeeping requirements. Ask your speakers to use examples to illustrate their discussion and to add any "rules-of-thumb" or "tips" that will help students.

4. Wrap-Up

The assignment is:

- 1) the "On Your Own" activities (p. 174)
- 2) "Before Your Next Class" (p. 207)

The "On Your Own" Activities 2 and 3 (p. 174) should be completed by students who plan to open a retail, wholesale, mail order, manufacturing, or construction business. It is not expected that they will be able to completely finish these worksheets. They should, however, work on each.

Students who plan to start a service business can consider what business supplies they will need, whether the quantity of necessary supplies is sufficient to justify bulk ordering, and possible suppliers. They should also begin work on a pricing worksheet, referring back to the fact sheet on "Setting Prices" (p. 57).

Students who do not have a definite business idea should either use the idea they have worked with earlier or select another idea in order to complete all the assigned activities.

NINTH CLASS SESSION

At this class session, you will complete the work on business operations and introduce the final LAP which focuses on business planning. This LAP is intended to help students integrate the work they have done throughout the course in order to develop a business plan package. At the same time, the importance of planning as a process which continues throughout the life of a business, focusing its development and charting its growth, is stressed and planning techniques are introduced.

The instructor's goals for this LAP are: (1) to emphasize the importance of both initial, pre-start-up and continual planning to the success of any business; (2) to assist students in examining their progress and assessing their readiness to start a business venture; (3) to encourage students to continue exploring their interest in business ownership.

Agenda

1. Review Assignment

Allow time for student questions or comments about the assigned worksheets. If the course is not being taught in or near a large metropolitan area, students may have had difficulty with "Choosing Your Suppliers" (pp. 202-203). Looking through the telephone directory yellow pages is one of several ways in which to locate suppliers. Talking with business owners who carry merchandise or similar merchandise or who need supplies and equipment that the student wants is an excellent way to identify suppliers and to receive an evaluation of their service. Trade associations are a good source of supplier referrals. If a particular company produces the product the student wants, she can contact the company directly and either they will sell to her or refer her to their local representatives.

Briefly review "Writing a Job Description" (p. 204), "Rules and Policies" (p. 205), and "Building Community Relations" (p. 206) by asking one or two students to report on their answers for each worksheet.

2. Small Group Exercise

Two small group exercises (Activity 7, p. 174, and Activity 8, p. 175) are outlined in the text. You can either select one of the two exercises or you can assign one exercise to one half of

the class and the other to the remaining class members. If students express a clear preference for participating in a particular exercise, allow them to do so. However, in order to participate in Activity 7, the student needs to have written the assigned job description.

Activity 7, "role playing" an interview between a job applicant and an employer, provides practice in building effective communications skills. Students should be aware of body language, eye contact, tone, and message content. Being assertive, listening well, and asking pertinent questions are all part of a good interview. Each "applicant" should have a few minutes to read over and think about the job description written by the employer before beginning the interview role play. The employer can use this time to develop the questions she will want to ask her prospective employee.

Activity 8 is intended to focus students' thinking on how a business can develop an image and build good relations with everyone in the community, including its employees. Students should be imaginative and creative, but not unrealistic--no restaurant can afford to offer a free meal to everybody in town. Each group should keep a list of the ideas that are mentioned. If necessary, the group can select a particular business to use for the exercise.

Class debriefing. Participants in Activity 7 should discuss what happened in their interviews and what they learned from the exercise. If one duo is willing to volunteer, they could repeat one of their two interviews and the class could then discuss what they saw happening. One member of each group that did Activity 8 should present their list of ideas to the class for discussion.

Suggested time allotment: 20 minutes in small groups; for those working on the role play, each partner should have 10 minutes in each role; 20 minutes class discussion--10 minutes to review each exercise, if both are used.

3. Guest Speaker Presentation

The guest speaker for this session could be any individual who works in or teaches business planning or any of the other related topics suggested below, a management consultant to businesses, or a SBA, OMBE, or bank representative who can speak about business plan packaging. You may wish to schedule two guest speakers for this session, one to cover some aspect of planning and the other to discuss the business plan. Some of the possible planning-related topics your speaker might wish to present include:

time management, delegation of authority, problem-solving and decision-making, how to set goals and objectives, and management by objectives. The speaker should select the one or two topics with which she is most familiar for her presentation. She should give some examples to illustrate good and poor management practices relevant to her discussion.

Your speaker(s) should be given a brief explanation of the topics already covered in the class, as well as a copy of this LAP and the class information sheet.

4. Wrap-Up

The assignment is:

- 1) the "On Your Own" activities (p. 208)

Remind students that they will be the guest speakers at the final class session. Each student should come prepared to briefly report on where she is now in terms of deciding to start a business.

TENTH CLASS SESSION

By the final class sessions, students will have decided that they are not interested in business ownership, that they are interested at some time "in the future," or that they want to go ahead now with the plans and preparation for opening a business. The instructor should be aware that all three positions are represented in most classes and that the final session needs of each group are somewhat different. She should remember that student assessment of interest in and readiness for business ownership is a major focus of this course. Clearly, one can never assess the number of business failures that have been avoided by taking a course such as this one.

Women can benefit from this course in many ways, regardless of whether they ever open a business. They may become more aware and alert consumers, more effective and assertive on the job, more conscious of and confident in their own skills and abilities, and more able to plan the development of their own career.

Those students who are interested in opening a business should complete the course with a sense of how to continue to pursue this interest by building their skills through taking further course work, by working in a business, or by researching and planning their business independently, seeking out advice and assistance when needed. The next step will be different for each class member, but there is a next step for everyone.

Agenda

1. Review Assignment

The class should begin the homework review by discussing the three worksheets as follows:

- A. "Setting Goals" Worksheet (p. 224). Ask each class member to state one of her short-range goals. You should be prepared to indicate whether each response is, in fact, a short-range goal; that is, a measurable objective that will contribute to the ultimate long-range goal of a vacation in one year.
- B. "Futures" Worksheet (p. 225). Ask students what outside forces they listed for item 2. You may wish to present a hypothetical business and ask students to list the outside forces which affect the business' market, to identify areas where changes in these forces might occur, and to suggest ways in which this business could anticipate these changes and stay timely.

- C. "Managing Your Time" Worksheet (p. 226). What did students learn about their use of time?

2. Class Presentations

Each student should have an opportunity to report on the current status of her business idea (Activity 5, p. 208). Although other class members may offer ideas and suggestions, you will need to set and enforce a definite time limit for each presentation, depending on the number of students and the amount of time that is available. A suggested maximum time for each individual presentation is 5 minutes.

3. Administer the Course Rating Form

4. Wrap-Up

Use whatever time remains for student discussion, questions, and comments.